



### FINANCIALTIMES

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BUSINESS

• UK ECONOMY will stay

sluggish for aeveral months be-

fore a weak forward movement

says the CBI's latest assess-ment. Back Page

overhaul of the way public ex-

penditure and tax decisions are

made in a direct rejection of the views of Chancellor, Sir

FEARS OF a devaluation of

the French and Belgian francs

falling helow their floor against

EMS JUNE 4, 1982

ECH DIVERGENCE

on Europeao Monatery System exchange rates, The upper grid based on the weekest currency in the system defines the cross rates from which no currency

(except the lire) may move more than 24 per cent. The lower chert gives sech currency's divergence from the "central sets" egeinst the European Currency Unit (ECU) intell a basket of European currencies.

BRITISH BANKS are press

ing foreign banks to share out

payments received from Argen

• HOUSE BUILDERS are

increasingly convinced that the Government is preparing to

phase out mortgage tax relief.

. STEEL IMPORTS in Febru-

ary were 65 per cent more than in February 1981, because of

• COMMERCIAL VEHICLE

sales jumped 21.2 per cent to

21,537 last month compared

with May 1981, mostly through increased demand for light vehicles. Page 7. Heavy vehicle demand still depressed,

JAPAN'S six biggest ship-builders reported large in-

creases in sales and profits in

the year to March 31. Page 23

ARGYLL FOODS embarked

COMPANIES

higher UK prices. Page 7

outstanding loans

the German currency.

Geoffrey Howe. Back Page

ALL-PARTY COMMITTEE

No. 28,792

### NEWS SUMMARY

#### GENERAL

#### Gloomy Scargill in action economic call to forecast by CBI **CND**

of about 230,000, according to organisers, attended a disarmament rally in Hyde Park, London.

Miner's president Arthur Scargill urged CND members to stop being content with marches and rallies and to start a camof MPs, including two former Conservative Treasury min-listers, will propose a major paign of civil disobedience. He said: "I hope you will join me in that campaign." Picture, Page 2

The United Nations starts a special session devoted entirely to disarmament, today. The purpose of the five-week session is to focus attention on the problem, not negotiate solutions. UN Secretary General, Sr Javier Perez de Cuellar has called the aession a bid to end the "rush in destruction."

#### Labour 'collapse'

The Labour Party is "hankrupt, ineffective and in a state of collapse" and without a "cat in held's chance of win-ning the next election," said railwaymen's union leader Sid Weighell. Page 6

#### Factions banned

A ban on internal factions has been imposed by the Scottish nationalist Party, in a move to stop a widening Left-Right split. Back Page

#### 'FBI force' urged

An FBI-style police force, to operate on both sides of the Irish border, was called for by former Irish Premier Dr Garret FitzGerald, Page 6.

#### Chad battle Rebel forces in Chad said they

had broken through govern-ment lines and were an hour from the capital N'Djamena.

### Mugabe scare

Zimbabwe Premier Robert Mugabe slid down the emergency chute of a Boeing 747, which diverted to Paris, after a homb scare on his London-Salisbury flight.

### Crash kills 39

Two buses crashed head on killing 39 and injuring 25, ahout 60 miles from Ankara,

### Prison record

Britain's prison population was a record 44,366 in May, according to the National Association for the Care and Rehabilitation of Offenders.

### Swede wins

Unseeded Mats Wilanders, 17, of Sweden, won the French Open tennis championship, beating third seed Guillermo Vilas, of Argentina 1—6, 7—6, 6—0,

### **Cubic feat**

Vietnamese refugee Minh Thai, 16. who lives in the U.S., won the first Rubik Cube world championship, in Budapest, in 22.95 seconds.

### Briefly . . .

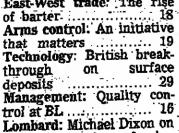
Golfer Catherine Bell, 28, of Bradford was killed by lightning on a course at Northcliffe,

Second secretary at the Iranian embassy in Moscow applied for political asylum in The Nether-

Woman jumped 165ft to her on the last phase of its acqui-death from The Leaning Tower sition of Allied Soppliers with of Pisa, said Italian police. publication of the prospectus coach killed three people in Bradford, West Yorkshire.

Discussion of the prospectus for the sale by tender which will fund the majority of the £101m deal. Page 20

### CONTENTS -



Entertain, Guide ...

East-West trade: The rise Justinian: Lord Denning's 18 indelible mark ...... 15 Business opinions: FT monthly survey ...... 10 Editorial comment: Falklands crisis; Comecon's problems .....??

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### Israeli troops and tanks storm southern Lebanon

BY DAVID LENNON IN TEL AVIV AND NORA BOUSTANY IN BERUT

Palestinian guerrilla hases.

drive the Palestinlans 40km northwards so that their guns around Beaufort Castle. can no longer fire on Israel's northern towns and villages. The multi-pronged ground assault was code-named "Peace

for Galilee." Israel expressed the hope that the Syrian army would not intervene in the fighting, which is clearly aimed at destroying the Palestine Liberation Organisation as an effective fighting force. A United Nations spokesman

across the border. The state-run Lebanese television reported that at least 20,000 troops were involved in the attack.

ISRAEL launched a massive . The UN spokesman said the land invasion of southern attack comprised an armoured Lebanon yesterday after two thrust aimed at the southern days of air strikes and artillery port city of Tyre and nearby and naval bombardments on Polestinian refugee camps, another towards the central mar-The Government in Jeru- ket town of Nabitiyah, and a salem declared it aimed to third which was moving towards Palestinian stronghold

> Ahout 7,000 UN troops have been stationed in South Lehanon since the last major Israeli attack in March 1978. It appears they did not attempt to prevent yesterday's incursion, although it was reported that UN troops just south of Tyre had come under heavy bom-

Mr Philip Hablb, who nego-tiated last year's coasefire betwen Israel and the PLO, waa in Beirut said that hundreds of summoned to Versailles yester-Israeli tanks and armoured per-sonnel carriers had poured President Ronald Reagan who had been following the fighting on an hourly basis while attending the seven-nation economic



Earlier, the seven Western Prime Minister, yesterday releaders at the summit issued jected a personal appeal from a statement expressing their President Reagan not to invade shock at news of the fighting. Lebanon. Mr Menahem Begin, Israeli In his

In his reply, Mr Begin said

that he had instructed the army did not release any early inforto push the guerrillas 40 kgm mation on the fighting. How-back so that their guns would ever, it did confirm that one no longer be able to fire into

Mr Begin is due to meet early today with Mr Hahib, although the U.S. envoy is unlikely to be able to make much immediate Israel announced its decision

to invade in a brief statement issued yesterday afternoon. The Cahinet, it said, "decided to instruct the Israeli defence forces to place all the civilian population of the Galilee beyond the range of the terrorists' fire from Lehanon where they, their bases and their headquarters are concentrated."

The ostensible excuse for launching the attack now was the attempted assassination last Thursday of Mr Shlomo Argov, the Israeli Ambassador in London and the Palestinian shelling of northern Israel over the weekend. Israel'a military spokesmen

Israeli aircraft and a belicopter gunship had been shot down on Saturday night and Sunday morning while attacking targets in Lehanon.

Mr Begin went to the army's command beadquarters in northern Israel at noon yestering hours of the battle. Coalition and opposition leaders were also taken North for briefings with Mr Ariel Sharon, the Defence Minister.

The opposition Labour Party, which had earlier objected to a land invasion yesterday gave its approval to the operation after its leaders mer with Mr Begin.

Palestinian officials said that the Israeli thrust towards Tyre was supported by troop landings from the sea and air. They also claimed that an Israeli armoured force had come ashore near Sidon, to the north of Tyre and midway to Beirut.

### Versailles agreement the French franc and even its possible withdrawal from the possible withdrawal from the European Monetary System, dominated foreign exchange trading last week. Initially these fears led to demand for the dollar, but the U.S. currency retreated later in the week. Euro. French franc linterest Tates rose sharply to week. Euro French trancinterest rates rose sharply to defend the French unit, with the seven-day rate touching 65-70 per cent. Central banks intervened to try to hring the D-Mark back down to its EMS divergence limit, and prevent economic co-operation

BY REGINALD DALE IN VERSAILLES

THE WORLD'S seven leading industrial nations last night announced a series of new though largely undefined com-mitments to increase international economic and monetary

At U.S. Insistence they also cautiously agreed to limit new credits to the Soviet Union and eastern Europe in the light of commercial prudence" and political and Security In-

Versailles summit, dominated politically by conflicts in the Falkland Islands and use Middle East, the leaders of the

Mrs Margaret Thatcher, the UK Prime Minister, sald the tary of State.
. The U.S. was pleased parti-

cularly that the seven had

collectively to agreed economic weapons against the Soviet Union, alongside politi-cal and diplomatic ones, for the first time however tentatively. U.S. officials said, however, hanger" as a result of serious them as they liked, differences between France and the U.S. over East-West trade, approved U.S. proposals for a

They suggested it had been study of the effectiveness of rescued only by firm action hy President Ronald Reagan. kets and a new form of multi-As the talks neared their end lateral surveillance of their with no agreement in sight on

credits Mr Reagan made clear that unless France accepted the concept of limiting Western credits to the Eastern bloc he would not proceed with discus-sions of the North-South dialogue between industrial and developing countries.

That dialogue is particularly dear to the heart of M Francois Mitterrand, the French Presi-dent and summit host.

M Mitterrand did not want to see a humiliating summit U.S., the UK, France.

Germany, Italy, Canada and He accepted finally a text of their tradially proposed by Mrs Thatcher.

Japan rallied to their tradially proposed by Mrs Thatcher.

In this the word "limiting" was first time approved by all seven nations.

U.S. officials conceded that the to each other, he said, seven states had demonstrated communique's language on solidarity on every issue dis- credits was not as strong as cussed, a point echoed by Mr they would have liked. They intervening in the event only of Alexander Haig, the U.S. Secre- claimed, however, that the agreed disorderly market conditions, in major step forward in their campaign to deprive the Soviet Union of Western governmentsubsidised credit for both political and economic reasons.

economic and monettary agree- European Monetary System ments were vague enough to attending the meeting, which the summit had been a "cliff- allow each country to interpret Thise - heads of government dollar and European currencies.

intervention in exchange mareconomies by the International Monetary Fund. France and West Germany

Interpreted this as a sign that a process was under way in which the U.S. would be drawn into intervection more frequentiy to influence the rate of the dollar, as they have long

sought.
Mr Donald Regan, the U.S.
Treasury Secretary, agreed the summit had laid the hasis for o new era of economic and monetary co-operation in the 10 years since the U.S. left the gold standard and the Bretton Woods system finally col-lapsed. It was the first step back to a system of rates that would be adjusted reasonably

He insisted, however, the U.S. had not chaoged its policy of ment nevertheless marked a acrordance with IMF rules, and that ecenomic convergence, particularly on Inflation, as the key to more stable exchange rates.

The U.S. did not agree with a section in the communique, Both the credit and the codorsed by members of the ment's wish to broaden responimplied there would he benceforth a closer link between the

### Britain rejects new U.S. proposals for Falklands future

BY PETER RIDDELL AND ANDREW WHITLEY

THE GOVERNMENT has re- sibility for the islands by Injected U.S. proposals for the long-term future of the Falkland Islands involving talks Argentina

President Reagan is likely to

have a distinctly chilly reception when he arrives in Britain this evening for a two-day visit which jucludes talks with ministers and an address to There are likely to he charges

of insufficient support for a close ally and of incompetence after the embarrassing confusion on Friday's voting at the close ally and Jamaica; and the recognition by Britain that the United Nations on a ceasefire Falklands had a "special and One senior minister com- unique status."

the reception would be the would op-coolest for any U.S. President months. since Suez. According the London Television Weekend Weekend World,

trol had been restored. Thatcher in Versaille before Thatcher, said yesterday there opening of the summit conference, sistent with the British Govern-

Falklands, once full British con-

viting countries such as the U.S. and Brazil to help guarantee its future.

But the price demanded of London by Washington was the reopening with Argentina of the sovereignty issue within six months of a ceasefire.

As disclosed so far, the five-point plan called for the withdrawal of the British task force from the southern hemisphere once hostilities were over; a

critical from the U.S. point of view to prevent the Falklands pro- dispute remaining a running sore, in which its relations with President Reagan presented the rest of Latin America would Mrs Thatcher with the outline suffer badly as those of

of a new U.S. plan to settle Britain, the immediate future of the Mr Co Mr Cecil Parkinson, a member of the inner Cabinet directly concerned with the Falklands The plan, presented to Mrs and who is very close to Mrs was a "divergence of interests" between the countries since

Continued on Back Page More Falklands stories, Page 4

### No comfort for Schmidt in Hamburg poll results

By Jonathan Carr in Bonn

THE FUTURE of Chanceling Helmut Schmidt's coalition Government in West Germany bas been put in question by yesterday's elections in the city-state of Hamhurg.

Herr Schmidt's own partythe Social Democrats (SPD)plummeted to its worst post-war result in Hamburg, gaining little more than 43 per cent of the vote against 51.5 per

cent four years ago. For the Chancellor the result is a personal as well as a political blow, since Hamburg is his home city and he had engaged actively in the election cam-

paign there.
At the same time, the liberal mented that, for all the super- Talks on the future of the Free-Democrats (FDP) — who ficially warm welcome and at islands, in which Argentina participated in the Bonn et it tempts to minimise differences, would be invited to participate. The super- tion with the SPD — narrowly would open in three to six failed to gain the minimum 5 This element is per cent of the vote needed for representation in the Hamburg

government Comouler estimates given hy both German TV channels last night differed on the exact FDP figure, yet hoth agreed that it was under the requisite 5 per cent. Four years ago too, the FDP failed to clear the hurdle,

polling only 4.8 per cent.
The Hamburg result is bitter-sweet for the opposition Christian Democrats (CDU). who hoped to come from behind

at least to become the strongest Continued on Back Page

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### Summit leaders back Thatcher

BY JOHN WYLES IN VERSAILLES

MRS THATCHER yesterday won for her Falklands policy at the Versailles economic summit.

After hearing President full blame for the conflict on attempt on Friday to withdraw Argentina, the Prime Minister welcomed. his "splendid splendid summing up of total unanimity and solidarity." Speaking for all been the victim of aggression and "its national interest and national pride have been

injured. "The UK must recover what it has lost, we shall do everything we can to make sure that peace will prevail over war," he

This declaration, together major declaration of support with a post-summit statement hy Mr Alexander Haig, the U.S. Secretary of State, seems to have rorrected the sense of dis-Mitterrand of France place the array, caused by the U.S.'s its veto of the UN Security Council ceasefire resolution. This attempt came too late to prevent the U.S. joining Britain seven government leaders. M. in vetning the resolution, but it

raused dismay within the allowed to go uncontested. British delegation in Versaillas. He did not want to de Yesterday, however, Mes Thatcher made light of it. What really mattered, she said, was the political support Britain was receiving and the very considerable help being given through economic sanctions and

Mr Halg issued a carefully prepared statement which was clearly aimed at responding to complaints about the events of Friday evening and denying any charges that U.S. support for the British was weakening.

He said he wanted in restale very clearly "Ronald Reagan's

and declared that aggression should not He did not want to debate whether the U.S. should have vetoed the UN resolution or abstained, but U.S. second thoughts on the question "should not be Interpreted as any lessening of support for the principles the UK is

### Troops reinforced for attack

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

Falkland have been reinforced by elements of the Gurkhas and hy the Welsh and Scots Guards prior to their expected altack on Port Stanley, the islands'

The Defence Ministry confirmed the reinforcements yesterday. It said the QE2, which carried about 3.500 men to the South Atlantic, was on its way home and expected to dock at Southampton on Friday.

The Gurkhas and Guards were landed on South Georgia and transferred to the assault ships Fearless and Intrepid about a week ago. The QE2 is hringing back about 700 men from the warships Ardent, Antelope and Coventry, all of which have been sunk.

The Defence Ministry Issued no other operational informa- for the order to he given and tion yesterday on the campaign the pounding will start, supto recapture Port Stanley. But ported by naval gunfire and air correspondents with the troops strikes from the Harriers.

BRITISH TROOPS on East at the weekend continued to suggest that an attack could be inevitably be as horrifying as it imminent. will be effective." The most dramatic statement

came from Michael Nicholson, reporting for ITN, who said around Port Stanley last week " extrathat yesterday ordinarily daring" operations back," Hands said. were under way. He gave no further details,

saying they could not be revealed until they were com-pleted. "If they are successful they will bring the end of this capital.
war much closer," Nicholson It is According to Jeremy Hands of the BBC in a dispatch which

landed in London on Saturday, British guns were lined up on the Argentine positions which form a three sided defence around the Falklands capital." He added: "All it needs is

The Argentines, having surrendered the high ground

"The combined firepower will

"will be badly placed to hit He confirmed that elements of the Gurkhas and Guards, who comprise the 5th brigade, were now with the Royal Marines and the paratroopers near the

It is not clear how tight the Argentines' defensive "horseshoe" around Stanley is, but British strategy seems to be to bombard the troops in their positions short of the town itself. There are an estimated 250 Falklanders in Stanley, whose houses are mostly built of wood and therefore easily combustible,

It is assumed that a simultaneous hombardment of Argentine defences at the sirport would be ordered.

Leaders of seven industrial nations end talks on East-West trade, technology and exchange markets

### **Mitterrand** strategy on technology challenged

Ey David Housego in Versailles

THE Versailles summit's deelaration on technology in the final communique bridges two different approaches. It speaks of the need to remove barriers both to the development of new technologies and to trade in these technologies, in both the public and pri-

vate sectors. President Mitterrand used his opening address to the conference to spell out a French strategy for promoting higher levels of international economic growth through collaboration in technology. He called for govvernments to agree on pri-ority co-operative efforts involving governments, public and private companies in such areas of heavy investment as energy, telecommunications, robotics electronics, space and the new technologies. But the French President telecommunications,

emphasised his Government's view that the heavy invest-ments required could only be made on the basis of a stable monctary system and lower

He called on governments to sustain demand in their conomies as the basis of technological information, and to set global growth targets for 1935 and 1990.

U.S. concern, by contrast, continues to focus on the unfair disadvantage to private companies of growing intervention—notably by France and Japan—in high technology sectors.

Both President Reagan and Mrs Thatcher emphasised the importance of the private sector in developing and applying research.

In the wake of the summit a working party is being set np to follow up the proposals pot forward by President Mitterrand. The group has been asked to submit a report by the end of this year, and the conclusions and action to be taken are to be considered

Among the main proposals of the French President were: O International collaboration over research and develop-

O Priority measures for technological cooperation involving private and public companies in new energy sources, telecommunications, robotics, electronics, artificial intelligence, space and bio-

technologies O The provision of training in new technologies to enable people to switch jobs

Economic Cooperation Development should involved in a special international exchange and cooperation programme.

Although President Mitterrand's proposals were formally welcomed by the other heads of government, his approach of technology planning met with some scenticism.

President Reagan reminded other participants at the conference that a Presidential study commissioned in the 1930s on technological possibilities failed to mention television, plastics, laser beams, jet planes and ball-

point pens.

O President Mitterrand called on the other summit partici-pants to work together to prevent a few companies and nations controlling the gathering and processing of information for the entire world. If present trends continued, be said, the world industry communications industry would be controlled by some 20 companies by the end of the century.

### East-West trade provokes sharpest disagreement

BY JOHN WYLES IN VERSAILLES

THE VEXED question of East-West trade and credits has provoked the sharpest disagreement at the Versailles summit, and this may have resulted simply in the creation of a framework within which Europeans and Americans can

continue to disagree.
Fearing that President
Francois Mitterrand of France was going to leave the question as the last item on the agenda, President Ronald Reagan was stung into delivering a vehe-Saturday night for a show of support from his allies which attempted to accommodate U.S.

The White House view, sup-ported by Mrs Margaret Thatcher, was that the West had been far too generous in supplying financial aid to the Soviet Union and to the Eastern bloc. This helped Moscow to build up its armaments and pursue military and political objectives in Afghanistan and elsewbere.

Chancellor Helmut Schmidt of West Germany was equally forecful in defending past and present policies, pointing ont that while West Germany and France's trade with the East had been falling, Japanese and

U.S. deliveries were continuing

A political response to U.S. demands became urgent yester-day, however, and with the U.S. threatening to divorce itself from the North-South provisions of the communique, a form of words was agreed which permits both sides to claim that they have got what

they wanted. This commits the seven nations "to handle cautiously" the financial relations with the USSR and the Eastern Euro-pean countries in such a way as to ensure that they would be conducted on a sound and economic basis, including the need for commercial prudence

in limiting export credits. Mr Donald Regan, the U.S. Treasury Secretary, was quick to insist yesterday that the agreement amounted to an intention to cut the flow of credits to the Eastern bloc-"to cut it back and not to allow it

to grow"

European delegations insisted they were only committed to exercising commercial prudence in supplying credits — a principle which, they say, is already in operation following the difficulties over Polish and Romanian debt repayments.

West Germany and France apparently resisted any form of words which implied that the supply of credits could be governed by any other criterion but prudence. They were opposed to any moves aimed at damaging Eastern European

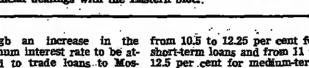
economies for political ends. President Mitterrand stressed at a Press conference on Saturday evening that no "instrument of tension" should be created. The objective was to return to a dialogue with the Soviet Union, "to influence this dialogue and not to hinder or prevent it from being carried

Mr Regan, however, believed yesterday that the agreement to monitor commercial developments with the Eastern bloc within the OECD would actually lead to cuts in credit

The summit discussion appears to have increased the prospects of agreement by the June 15 deadline to amend the gentlemen's agreement" within the OECD governing the sup-ply of export credits to all



Mrs Thatcher, the UK Prime Minister, pictured above with President Ronald Reagan, is optimistic that the U.S. will lift its objections to supplying vital equipment needed by John Brown, the enginering group, for manufacturing gas turbines for the Soviet Union, Max Wilkinson reports: The turbines are needed for a trans-Siberian pipeline which is



part of a project for supplying Soviet gas to western Europe. The £104m John Brown contract is for 21 gas turbines. But blades are needed from General Electric in the U.S. The U.S. has objected to the supply of these co as part of 2 tough line which it has been taking at the Versailles summit on the general question of trade and financial dealings with the Eastern bloc.

But this agreement could re-through an increase in the from 10.5 to 12.25 per cent for sult in a significant reduction minimum interest rate to be atof subsidised credits to the tached to trade loans to Mos12.5 per cent for medium-term
Soviet Union. This would be cow. The increase would be loans.



LIFE AT THE TOP: Photo call for heads of delegations attending the Versailles economic summit. From left, M Gaston Thorn, President of the EEC Commission, Mr Zenko Suzuki, Prime Minister of Japan, Mrs Margaret Thatcher, President Ronald Reagan, President Francois Mitterrand of France, West Germany Chancellor Helmut Schmidt, Prime Minister Pierre Trudeau of Canada, Sig Giovanni Spadolini, the Italian Premier and Mr Wilfried Martens, the Belgian Prime Minister. They announced a series of new, though largely undefined, monetary co-operation. At Washington's insistence, they also cautiously agreed to limit new credits to the Soviet Union and Eastern Europe in the light of "commercial prudence" and "political and security interests."

### Differing views offered of intervention agreement

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE WEEK-END confusion over the precise meaning of agreement reached in Versailles on concerted action in the foreign exchange markets reflects the staunchlyheld and opposing positions taken ahead of the summit by

its participants. President Francois Mitterrand of France hailed the agreement as beginning "the implementa-tion of a medium-term reform of the international monetary

system and the acceptance of French Finance Minister, and currily informed the Press that along the need for countries to the idea of intervening in nounced that the U.S. had M. Mitterrand "didn't read the promote currency stability exchange markets to counter agreed in principle to "start fine print" and that the U.S. through convergence of economerzatic fluctuations."

The contribution of French Finance Minister, and currily informed the Press that along the need for countries to promote currency stability agreed in principle to "start fine print" and that the U.S. through convergence of economerzatic fluctuations."

It seemed to him like a significant victory for the French argument that central banks — and particularly the U.S. Federal Reserve Bank should play a substantial role refusal to intervene in the in maintaining a stable relationship between the world's major

by the principal countries for better control of exchange rates.

But this apparent change by the U.S. from its staunch markets except in the case of dire emergencies, was contracurrency groups.

Earlier M Jacques Delors, the dicted by Mr Donald Regan, the U.S. Treasury Secretary. He

position had changed."

The fine print confirms agreement among the summit nations still wants a progressive to intervene in the exchange markets to counter disorderly conditions in accordance with the provisions of Article 4 of International Monetary

promote currency stability through convergence of economic policies rather than bank

At the other extreme, France tightening of the relationship between the European Currency Unit (Ecu), the yen and the dollar through a combination of economic policies and The U.S. has emphasised all direct intervention.

**BEGIN'S LEBANON INVASION** 

### Israelis unite as bid to destroy PLO goes ahead

Lebanon which Israel launched vesterday is clearly aimed at destroying the Palestine Liberation Organisation (PLO) as an effective fighting force and thus reducing its political influence in the region.

But it was not immediately apparent yesterday how deep into Lebanon Israel intends to penetrate, or how long it intends to stay. A aenior Israeli official said last week that in the event of such an invasion Israel might remain in Lebanon until a permanent adution could be found which would do more thas replace the PLO with a UN peace-keeping

Israel has not spelt out what this means, but one of the ideas which has been raised frequently is to create Christian hegemony over all of southern Lebanon, or else insist that an effective international peacekeeping force be brought into

Israel does not regard the UN force in Lebanon (Unifil), inserted after the 1978 invasion. as fulfilling this role, and would prefer a U.S. controlled force. like that now stationed in Sinai. Preparations for the invasion have been underway for some time. Over the past few months there have been four false alarms as Israel has moved troops to the northern border and then refrained from invalidations of III. ing Lebanon because of U.S.

But the attempted assassination of the Israeli Ambassador in London, Mr Shlomo Argov, was seen by the Government as offering sufficient grounds to justify the war in the eyes of the West.

the West.

The heavy weekend air strikes, artillery and naval bombardments of Palestinian targets in Lebanon, softening them up for yesterday's land invasion, were planned long ago. It is widely believed Israel has merely wanted an excuse to invade.

Apart from the limited Apart from the limited

damage which Palestinian guerrilla attacks have caused over the years, it is the PLO's ability to block progress towards a solution of the Palestinian problem which Israel bas come to see as the real problem.

Israeli hopes that some Palestinians would be willing to accept the limited form of autonomy being offered to Arabs West Bank and in the Gaza Strip have not been realised. Jerusalem believes that this is because of the opposition of the PLO, and because of its ability to press the Palestinians to reject autonomy.

Last week Mr Yitzhak Shamir. the Israeli Foreign Minister, called for the elimination of the PLO, which be described as a major obstacle to peace between Israel and other Arab countries. He said that the PLO sowed fear among Arab governments and presented whoever might consider making peace with Israel as a traitor to the Arab cause.

Israel, he said, should strive to eliminate the PLO, "because only its complete elimination as a terrorist-political element will prepare the ground for the fullest advancement of the process that began in Camp David and will allow for the signing of beace agreements with the rest of Israel's neighbours." General Rafael Eiten, the

Chief of Staff, was quick to follow this up with a statement that the problem could only be

About 300,000 people took part in an anti-nuclear pro-test in Rome yesterday timed to precede President Reagan's

visit to Italy, Agencies report. The march blocked traffic

throughout the city as it

wound past both the U.S. and

Soviet embassies. Banners

read "Reagan-Executioner."

while part of the crowd can-

ted "Italy out of Nate, Nate

out of Italy," a reference to

the 120 nuclear missiles

planned for installation in

In Copenhagen thousands

joined a peace rally calling

for a halt to the nuclear

arms race and the establish-

ment of a nuclear-free zone in

In Antwerp, police said

6,500 people took part in a

the country.

THE large-scale invasion of solved by military action. But this was rejected by Mr Yitzhak Rabin, the former Prime Mints. ter, who said the Palestinian terrorist problem coud not be solved by military action.

Yesterday Mr Menahem Begin the Prime Minister, appeared to have won over Mr Rabin and the other Labour Party leaders to support the land assault.

Mr Shimon Peres, the Labour Party chairman, said after meet-ing the premier: "We believe it is the duty of Israel to do whatever is necessary to shy these attacks."

Winning the support of the opposition Labour Party was made easier for the premier by the PLO's decision to shell northern Israel in response to Israel's own air strike on Beirut on Friday in retaliation for the London assassinat As Israelis living in the

north were driven into their bomb shelters, the pressure grew for a push against Pales-tinian forces, driving them north to a point where their guns could not fire on Israel. The worrying question for lerzel last night concerned how the Syrians would react. The government said it did not want to become involved in a war with the Syrians, but it is chearly prepared for the pos

sibility. The incentives for Israel's action have included the knowledge that the West is to some extent preoccupied with the Falklands crisis, the Arab world is in considerable disarray for lowing recent Iranian success in the Gulf War, and the fact that Syria is isolated from its neighbours, Jordan and Iraq, which are unlikely to render any assistance in the event of a war with Israel.

Jerosalem is also aware the the time is approaching when Washington may begin to take a serious interest in trying to resolve the Palestinian issue. now that the peace treaty with Egypt has been consumated by the final Israeli withdrawd

If Israel can destroy the PLO now, the pressure on the U.S. to speak to the PLO must be considerably reduced, according to Israeli government thinking. Another factor focuses on the est European nations which have recently sent their Foreign. Ministers on visits to Jerusalem in an attempt to moderate Israeli policy by show-

that it is not isolate

These countries may have inadvertently contributed to Mr Begin's decision to launch the weekend invasion. The Israeli leader drew comfort from their visits, as "confir-mation" that, despite his amexation of the Golan late last year, the bombing of Iraq's nuclear reactor and the bombing of the Palestinians, the West realises it needs Israel. Certainly be ignored file-Foreign Ministers carefully worded observations about the need for a political solution in the Palestinian problem.

The fact that the attack was launched while the Western leaders were meeting at Versailles serves to underline Mr Begin's contempt for the opinion of the West, and his firm conviction that Europe and the U.S. will continue to support bis country as a demo-cratic, militarily strong, Western ally in the Middle

It is because of this that yes-terday be felt free to reject the appeal by President Ronald Reagan not to invade Lebanon.

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### DEMONSTRATIONS ACROSS EUROPE COINCIDE WITH REAGAN VISIT

### Bonn and Munich turn out in force for the Right

BY JAMES BUCHAN IN MUNICH

President Ronald Reagan is discovering how many friends he has in West Germany. For a start there is Herr Helmut Kobl and Herr Franz Josef Stranss, leaders respec-tively of the Christian Demo-crat opposition and its Bavarian party, the Christian

Social Union. Then there are the 130,000 people these two gentlemen brought on to the streets of Munich and Bonn in his snpport on Saturday.

On a brilliant sunny morning, the sky as blue as the Bavarian flag, more than 50,000 Bavarians converged on Munich's Koenigsplatz to hear a triumphant restatement of traditional rightwing values and to eat their second breakfast.

The vast majority were middle aged couples, brought in by bus from the country. Standing in their clomping shoes before the cool grace of Von Klenze's neo-classical temples, they looked like tenants at a landowner's Christ-

They applauded all references to the U.S., beer, the police, the utter incompetence of the present government and the evil of the Soviet Union. They bore placerds that said Bavaria"—which, sung in Eng-"The West is the Best" of lish, suggested quite the oppo-"Freedom instead of Siberia," site.

to the organisers, and by around 115,000, according to the police. By the end of the meeting there had been 32 arrests for minor offences. Mr Arthur Scargill, the new miners' leader, urged CND members to begin a campaign of civil disobedience the Heinz Amman Big Band, led them in an ersatz version of Woody Guthrie's song "This Land is Your Land, This Land is My Land, from Schleswig Holstein, to the free state Bavaria"—which, sung in Eng-

the same intention of presenting a "silent majority" of Gerguarantor of West German peace of mind.

The message to President and they sang along Justily as one Roberto Blanco, backed by the Hofgarten in Bonn, though Herr Kohl's demonstration in

The disarmament rally in Hyde Park, London, attended by about 230,000 people, according

larger and less folkloric, had that the "Peace Movement" -which will mobilise some 150,000 young people in Bonn mans who are in favour of Nato that day and a smaller if "They say it is better to be and of the U.S. as the ultimate rougher number in Berlin the Red than dead." Herr Strauss next-does not represent true West German feeling.

Reagan, who arrives in Bonn podium in Bonn was Herr All Germans supported peace for a Nato Heads of Govern- Walther Leisler Kiep, having be said, but only peace in freement meeting on Thursday, is a last public airing before yes-

terday's critical Hamburg by election in which he is CDU

the Nordic countries.

Belgian peace march

ougher number in Bernin we kee than dead, herr Strauss text—does not represent true bellowed across the square. Vest German feeling.

But I tell yon, you will be Beside Herr Kohl on the Red first and then dead.

### Clashes on **Paris** N-protest

By Terry Dodsworth In Paris

FRENCH POLICE used tear gas to break up a group of demonstrators who tried to turn an anti-miclear march into a violent confrontation in Paris on Saturday.

The police action followed Molotov cocktail and crowbar attacks on a bank and two temporary work agencies. When the police moved in to disperse the demonstrators, gathered at the Place de la Bastifile, they were met with a hail of projec-

The violence was attributed yesterday to independent, antiauthoritarian groups that had infiltrated the demonstration against nuclear weapons, Similar demonstrations in Paris in recent years have also been joined by outsiders intent on breaking up shops and attacking the police.

According to the organisers, about 15,000 people joined the march across northern Paris to the Place de la Bastilie. Directed mainly against U.S. policy, and timed to coincide with the Versaliles summit attended by President Ronald Reagan, the demonstration drew support from many Left-wing

Work Courts on

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lay June 7 196

### Haste over gas in Siberia risks prospects

BY ANTHONY ROBINSON IN MOSCOW

Union is risking massive the pipelines and has created environmental damage to the manchland in the place of fragile Tundra and the long-frozen Tundra. Moving heavy term potential of the gas field equipment across inadequate itself, according to correspondents from the Communist party anewspaper Pravda who have just mere across inadequate roads also has a destructive effect on the fragile environment. newspaper Pravda who have just ment. come back from the area.

Urengoi will be the source of the drilling of 123 new gas gas for the controversial Siheria-wells but only 83 were com-Western Europe pipeline, due to pieted and of these only 61 were fully operational. Pravda

able roads, gas cooling and 16 stations were finished. ling new production wells have to produce 270bn cubic metres Fied to severe overloading of annually, about 40 per cent of existing facilities.

All current production is coming from a parrow five to metres. "seven-mile-wide strip in the middle of the 30-mile-wide field. This uneven development experienced by the oil industry, means that it will be harder to the Soviet gas industry appears exploit the remainder of tha to be damaging the potential

AN ITS HASTE to develop the the deposits. This has led to massive Urengoi gas deposit in the through of the permafrost, western Siberia the Soviet which puts additional strain or

Last year the plan called for were fully operational. Pravda said. Construction of gas-flines serving the sonthern and western parts of the Soviet Union and Eastern Europe.

According in Pravda, however, delays in building services ble roads, gas cooling and the said. Construction of gas-gastering pipelines was also well behind schedule. Some 137 km of pipeline were plained, but only 52 km of pipeline and the only 52 km of pipel

total planned gas production of approximately 650bn cubic

But, by repeating the pattern of forced exploitation already \*\*The lack of gas cooling major Soviet hard currency stations means that warm gas earner for the rest of the lack of the century and beyond.

### UN bid to end 'rush to destruction'

BY OUR UN CORRESPONDENT

IN what Sr Javier Perez de he represented at least at Cuellar, the Secretary General. Foreign Minister level. has called a bid to reverse the rosh to destruction," the General Assembly of the UN begins a special session today to join Mr Reagan in New devoted exclusively to dis York Mr Andrei Gromyko the armament.

The main purpose of the five-week session is to focus world attention on the problem; not negotiate solutions they must await the attention of diplomats and arms experts in smaller groups than the 157nation Assembly.

Emphasising the importance of the need to halt and reverse the arms race, heads of state from at least 14 nations, including President Reagan, Mrs Margaret Thatcher and Chan-cellor Hephut Schmidt are scheduled to take part in the debate. Most member states will

The organisers were disappointed that President Breakney declined a proposal Soviet Foreign Minister, is leading Moscow's delegation.

The assembly session, which will be presided over by Mr Ismat Kittari of Iraq, is the second of its kind. Its predecessor, in 1978, produced a declaretion designed to provide a framework for disarmament efforts and enhance the effectiveness of UN machinery in the disarmament field.

The results have been dis appointing. Mr Jan Martenson head of the UN Disarramen Centre, acknowledged at a pre session. Press conference that the situation today is far worse than it was four years ago.

### Swiss reject aliens plan

PROPOSED aliens law. weekend. The law had been securive years.

opposed by the nationalist party Nationale Aktion, which bave had the right to change elaimed its introduction would have led to further immigra-

migration, the law would have six months.

given aliens with five years' residence the right to residence intended to improve the posi-residence the right to residence fion of foreigners living and permit renewal, as well as working in Switzerland, was allowing seasonal workers to rejected by a small majority in become residents after 32

bave had the right to change their job after one year and under certain circumstances to tion bring in their dependents after

### Iraqi jets kill 43 on Iran rally

ILAM, IRAN—Iraqi jets bombed and strafed Ilam in western Iran on Saturday while the streets were packed with demonstrators, killing 43 people and wounding more then 150

Local residents said two MIG fighter-bombers had dropped about eight hombs in the centre of the town before sweeping low several

the city, less than 30 miles from the Iraql frontier, had turned ont for pro-Govern-ment rallies, as in many other Iranian cities.

the Islamic revolution, marking the day in 1963 when Ayatoliah Ruhollah Khomeini went into exile in Iraq.

in a narrow street littered with glass, brick rubble and burnt-out cars, teacher All Abdullah said the jets appeared to bave aimed for the most crowded parts of the

The bombing was the first nesday. Renter

rebels 'crushed' ISLAMABAD - Fighting inside Afghanistan bas reached

its highest point of the 30-month-old war and neigh-bouring Pakistan expects a major influx of refugees. Moslem rebel and Pakistani military sources said vesters military sources said yester-

Rabul Radio said on Saturday night that 176 rebels were "erushed", in the western province of Herat, a phrase usually meaning they were killed or captured in fighting.

The fighting extends from Herat, bordering Iran, to about 60 miles from the Soviet border and down to the Panjsher valley near the Afghan capital, Kahul.

About 800,000 Afghan refugees are expected to fiee to the province over the next few months, to join the 2,2 million there now.

### U.S. economy drops sharply

decline had been slowing.

But almost half the companles said their employment levels fell during May,

### Chad rebels 'break government defences'

'Reformist' Botha wins decisive support

MR P. W. BOTHA, the South as "highly successful and satis- is oow talking of a single Par- would jeopardise the prospects African-Prime Minister, won a fying" since there had been liament, but containing three for reform.

decisive victory for his speculation that there were as separate "chambers" for The National Party is demo-

servative Party and become its about the drift from traditional 18th MP.

Mr Botha was therefore justified in describing the meeting reported that the Government are unmappy been clear that it were an extraordinary rederal Conservative Party and become its about the drift from traditional implemented the National gress of Bloemfontein in late Party leadership would risk July, which will in turn make losing control of their own recommendations to the profiled in describing the meeting reported that the Government parliamentary caucus, which vincial party organisations

PORTUGAL'S Ministers of Monarchists faces local electic diplomats, replaces Sr Andre Expresso, which Sr Balesemao

Foreign Affairs, Education, tions later this year, and there Goncalves Pereira, as Foreign previously headed. He is a

Labour and Parliamentary rela- has been persistent criticism . Affairs Minister. He may try to young Social Democrat politician

Portuguese Cabinet in weekend reshuffle

crats. Christian Democrats and of the nation's most respected editor at the weekly newspaper life into the proceedings.

said vesterday. The rebel armed forces of the

BY J. D. F. JONES IN JOHANNESBURG

BY DIANA SMITH IN LISBON

in a weekend reshuffle by Sr

Francisco Balsemao, the Prime

fundamental areas. His Centre-

Right coalition of Social Demo-

him to step down. north (Fan), loyal to former Government forces in forays to war. defence minister Hissene Habre, within three miles of N'Djamena

decisive victory for his speculation that there were as separate "chambers" for "reformist" position at the many as a dozen potential right- whites, coloureds and Indians, weekend when sie won the over- wing defectors within the par- a clarification which harks back

The new Minister of Labour

is Sr Luis Morales, who is said

Minister. is Sr Luis Morales, who is said towards EEC entry has bee Sr Balsemao said there was to be well versed in Portugal's particularly difficult recently.

whe ming support of a special liamentary caucus.

National Party caucus in Cape

But Mr Botha and his Cabinet

Town which had heen called to (who bave recently spent many

The Government bas

discuss last month's constitu-tional proposals of the Presi-dent's Council. hours discussing their response to the recommendations of the President's Council) bave evi-

Only one Nationalist MP, Mr dently back-pedalled on some

refused to support the Prime are, at least for the time being,

Minister. He is expected to join keeping in the party a number the right-wing breakaway Con- of politicians who are unhappy

tions, along with six Secretaries from all walks of life of tha of State, have been replaced Cabinet's lacklustre perform-

need for a new dynamic in particularly difficult labour rela-

tions.

Ferdi Van Heerden, from the of the constitutional proposals. legislature. Cape constituency of De Aar. It is likely that in so doing they Although

The Organisation of African ment defence lines, killing. He added that they bad held Unity (OAU), which has a back from storming the city in peace-keeping force in Chad, and Zaire, was sent to Chad last the expectation that the local warned President Goukount's December after President and are within an nour of the population would rise against provisional Government on May Goukouni asked Libya, which the Government of President 22 that its troops would withhad intervened on his side in spakesman was reported to have Goukouni Oueddei and force draw this month unless a time-late 1980, to pull out its forces. table were announced by June Some rebels had chased 10 for a ceasefire in the civil

The ultimatum was issued in took control yesterday of and 308 prisoners were captured Kinshasa at the end of an OAU their northern strongholds. government lines 45 miles north- in the battle, along with meeting, the Zaire news agency Reuter

directly to internal National

made It known that it is going

to reject the President's Coun-

separation of executive and

Although this point is funda-

mental to the President's Council Report, it has all along

establish smoother relations who has built up a considerable

with Portugal's negotiators from sphere of influence while work-

other ministries on entry into ing as a secretary of state at the

been clear that if it were

The new Minister of Parlia-mentary Relations is Sr Marcelo

The OAU force, comprising troops from Nigeria, Senegal and Zaire, was sent to Chad last

The OAU force, estimated at 3,200 men, has acted as a buffer

cratically organised and this

weekend's extraordinary cancus

meeting is only the beginning

of a lengthly process of consul-

tation designed to carry the party along with the reforms to which the Prime Minister is

said to be committed.
The "guidelines" approved

at Cape Town this weekend are

now to be taken back to the

provincial party caucuses. The

party will then gather again at

an extraordinary Federal Con-

substantial majority of the voting public if it decided on between Government troops and austerity measures to deal with the 4,000 well-armed rebels in the country's economic prob-This finding emerged yester-day in a public opinion poll which showed that 74 per cent

of those questioned would accept wage cootrols as long as they were accompanied by a prices freeze. The poll, published by the weekly newspaper Le Journal du Dimanche and cooducted by IFRES, one of the leading French polling agencies, comes at a time when the Government is believed to be considering

Poll shows

French back

price freeze

would have the support of a

By Terry Dodsworth in Paris THE FRENCH Government

policy changes in an attempt to the long-term position of the franc. Various leading Ministers, including M Pierre Mauroy, the

Prime Minister, have talked of in the past few weeks. M Jacques Delors, the Economic and Finance Minister, has also called for more "rigour and realism" in economic policy.
The poll indicates that these

remarks are having some effect on public opinion. While 40 per cent of the 1,000 people ques tioned believe that the Government's economic policy has not been a success, 58 per cent would accept an austerity programme.
The most popular measure

supported by 76 per centwould be a control of prices, believed to be one of the changes being considered by the Government. Wages controls would be acceptable to almost as many people if accompanied by limitations on prices. While the Government's em-

the EEC. Portugal's progress Prime Minister's department. towards EEC entry has been Portugal's long awaited conphasis on tackling the unemploystitutional reform is moving ment problem is attracting widewith agonising slowness through Parliament and Sr Rebelo de spread support—71 per cent he-lieve that this is the priority Sr Vasco Futcher Pereira, one Rebelo de Sousa, former deputy Sousa may be used to inject issue—anxiety over inflation is

> Which is why we're extremely economy conscious in everything we produce, and the way in which we

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really mean less running costs.

and less electricity.

and so cost little to run.

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energy consumption to a minimum. Even ovens that use heat better

Refrigeration products that keep

When it comes to economy, Z is for

produce it.

PARIS-Rebel forces in Chad east of N'Djameoa, the spokes- weapons and military vehicles. have broken through Govern- man said. hundreds of Government troops, and are within an hour of the

times to fire at the crowd.
Thousands of residents of

Saturday was the anniver-say of what is called the start

such raid by Iraq for several weeks, although two jet fighters flew over Tehran in a abow of strength last Wed-

Afghanistan

day. In its latest battle report,

By Richard Lambert in New York

THE U.S. ECONOMY dropped steeply in May, according to figures produced today by the National Association of Purment fell sharply compared to April, reversing the trend of the previous few months. during which the rate of

The improving ontlook for inflation continues to be the only good news in the report, based on a monthly survey of 250 industrial companies. For four consecutive months, the number of companies reporting lower prices has exceeded those reporting

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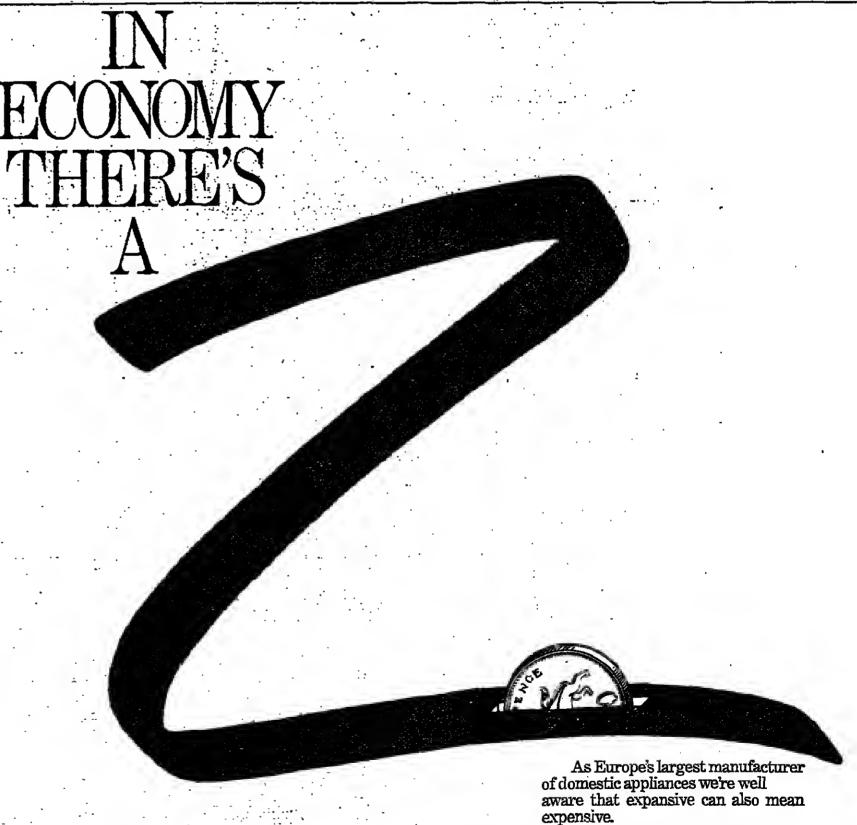
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### U.S. suggests new ideas for interim future

BY ANDREW WHITLEY.

THE U.S. is reported to have to have been epproached presented Britain with a five- already, and to have agreed in point plan for the interim future priociple. of the Falkland Islands once • The opening of negotiations

Weekend World programme on Argentine would be allowed to London Weekend Television, the attend, if it wished. plan was put to Mrs Thatcher by shortly before the opening of the seven-nation summit confer-

It is consistent with the British Prime Minister's publicly stated desire to broaden responsibility for the Falklands, hut differs fundamentally from the prevailing view in London in envisaging talks in the near future on the Falklands' status, and an invitation to the discussions for Argentina.

The U.S. plan, said to bave been drawn up by General Vernon Walters, Mr Haig's special envoy and the American official closest to the junta in Buenos Aires, ia evidently deaigned to minimiae the longterm damage to American relations with Latin America that Washington feels the crisis has already caused.

The accuracy, or complete-ness, of the details as revealed by the programme has not been confirmed independently. But Mr Cecil Parkinson, a member the Government's inner Cahinet, speaking on Weekend World, tacitly acknowledged that proposals oo these lines have been made by the

They involve:

- The withdrawal of the British Task Force from the southern hemisphere as soon as the recapture of the Falklands is completed.
- Recognition by Britain that the Islands have a special and runique status, requiring Britain to concede part of its sover-
- The establishment of a multi-national supra-administration at Stanley, while allowing the former government structure to
- The participation of Brazil, interim administration. Brazil and Jamaica were said

New Issue

they have been fully recovered. within three to six months' time According to yesterday's on the future of the Falklands.

Given the stark alternatives President Reagan in Versailles presented by Mrs Thatcher and the British forces now massing on the hills above Stanley, the Walters plan would cell find favour in Buenos Aires. It would not prevent a military defeat, hut could be used by the hard-pressed junta to show Argentines that the fighting

had not been all in vain. For those reasons alone, it is likely to be unacceptable to the British Government. But the failure of yet another American initiative, in the wake of the row over Ffiday's voting mix-up at the United Nations Security Couocil, will have wider implications.

limitations on major regional powers, notably Brazil, coming to Britain's aid are likely to hecome apparent, if both London and Washington pursue their ideas of inviting outside participation.

Britaio would like outside help to spread the responsibility and cost-both political and financial-of retaining full British control over the South Atlantic islands well into the future. But Latin American diplomats feel Britain will find few takers among Argentina's neighbours for such a role.

Brazil feels itself to be in a vulnerable and highly delicate position between Britain and Argeotina. This was high-lighted by its last-minute change of mind over what to do with the British Vulcan do with the British Vulcan bomber which made an emergency landing at Rio de Janeiro on Thursday.

After representations by Argentina, in protest against the original decision to let the bomber resume its. journey, Brasalia decided it had to keep faith with its multilateral defence treaty obligations to Argentina. The aircraft is likely to be held at Rio's Jamaica and the U.S. itself, military airbase for the dura-with Britain, in what would he tion of the hostilities, with all tion of the hostilities, with all the attendant risks of the disclosure of its military secrets.

### Threat to Unitas exercises

By Hugh O'Shaughnessy In Buenos Aires

FURTHER evidence of the strains on U.S. ties with its South American allies over Washington's stance on the Falklands crisis emerged at the weekend, when a number of South American governments indicated they may withdraw from <u>annual</u> naval exercises due to be held with U.S. forces later this year.

Brazil, Ecuador, Peru and Venezuela have either re-nounced or hinted strongly that they would join Argentina in boycotting the Unitas exercises as a sign of dis-pleasure with U.S. support of Britain on the Falklands issue. The exercises were due to take place in October and November, with the U.S. squadron steaming round South America from east to

A military official in Brazil was quoted in Buenos Aires as saying that the exercise would be "inopportune" this year. President Oswaldo Pertado of Ecuador has issued a statement saying that the Ecuadorean navy would not participate in UNITAS this year. The Peruvian Prime Minister, Sr Manuel Ulloa, stated that while the final decision on the matter would rest with President Fernando Belaunde, he "presumed" the exercise would not go ahead, and the Venezuelan foreign minister, Dr Alberto Zambrano, dismissed the possibility of Venezuelan participation.

In response to strong Panamanian support of the Argentine invasion of the Falklands, Gen William E. Masterson, deputy com-mander of the U.S. Southern Command in Panama, stated that no logistical support for Britain had gone from U.S. bases in Panama.

Argentina has, meanwhile, nade no public move to accept offers of aid from Latin American armies and military observers in Bnenos Aires point out that the Argentine high command would have severe logistic and command difficulties if It were to find an assortment of forces at its disposal used to conditions unfamiliar with the subanarctic temperatures of Patagonia.

### Angry commanders tighten curbs on news BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

OPERATIONAL information on the campaign to capture Port Stanley is heing restricted to a decreesing number of officials, politicians and serving officers, according to sources in White-

The restrictions have applied for at least the past six days and partly explain why the Ministry of Defence in London has maintained a complete newa blackout on the fighting.

The only news which has come from East Falkland is what the British commanders on the spot have agreed to release through journalists with the task force.

It is understood that the restrictions have been imposed at the request of the commanders, who are angry at the way they helieve politicians and officials have "leaked" information which could he of use to the Argentines on the islands.

Rear Admiral John Woodward, overall commander of the task force and General Jeremy Moore commander in chief of land operations are believed to have asked military headquarters at Northwood to elease as little extra information about the compaign to as few people as possible, for fear of jeopardising the recapture of For their part, the commanders themselves may also he

sending less information on the campaign to London. As a result, it would appear that many senior serving officers and officials in the to begin their journey back to

during the retaking of Goose Green and Darwin by British paratroops, were heing em-barked on the Norland in the Faikland sound. Survivors from the Atlantic

The orders of Gen Moore, as commander of land forces, are to recapture Port Stanley and repossess the Falkland Islands, but how be does it is very much up to him

his troops, was apparently sparked by two incidents, both they were receiving it at the broadcast on the BBC World Service as well as on domestic The Government's policy all radio and in aeveral newsalong has been to give the task force commander a great deal papers, although the latter have no immediate impact in the Falklands. of operational freedom within his broad political directives.

hit by an Argentine missile, will be arriving back in Britain today. The 134 survivors, including members of the three armed services and the mercant navy, will be flown to RAF Brize Norton,

Conveyor, the container ship

The first related to the capture of Goose Green eight days ago. The second concerned the disembarkation of the 5th brigade from the QE2 in South Georgia, reported apparently as it was about to happen. Gen Moore's anger, shared by

It emerged at the weekend that Col Herbert "H." Jones, commanding officer of the 2nd battalion, told reporters before he was killed that he intended to sue the BBC for manslaughter when he got home.

ments and meetings in the House of Commons involving Mr John Nott, the Defence Sec. retary, that an attack on Goose Green was imminent. The broadcast resulted in a change of plan with the settlement having to be taken, rather than neutralised, Col Jones had said At the weekend, the BBC

BBC report, following state.

reiterated its call for an official or judicial inquiry into how information about military operations has been handled in the Defence Ministry. The BBC had no information that was not readily available to other journalistic organisations from official sources, including the MoD, it said, pointing out that two London newspapers had reported the taking of Goose Green two days before it happened.

• A campaign to free the three British journalists held for the paat eight weeks in Ushuzia. southern Argentina, has been officially launched in Loudon.
Ian Mather and Tony Prime

of the Observer and Simon Winchester of the Sunday Times have been in custody since April 13. They deny all charges against them, insisting that they were on purely journalistic assignments, but could face another six months under arrest before they come

to trial.

The campaign is chaired by Dr Garret FltzGerald, former Prime Miniater of Ireland, and organised by the editors of the Sunday Times and Observer,

### Kirkpatrick 'embarrassed' at confusion over UN vote

BY OUR UN CORRESPONDENT

WHETHER THE United States possible, she would change her debate was going on repeated delegation's failure to vote vote from a veto to an abstendant attempts had been made to according to State Department directions on the Falklands ceasefire resolution in the security council on Friday was result of a communications lapse or something more devious, it has not helped the American diplomatic image in

When Mrs Jeane Kirkpatrick the American delegate sitting alongside Britain's Sir Anthony Parsons, raised her hand to veto the draft, it was the expected response, notwithstanding common knowledge that she would have preferred to abstain:

But when a few minutes later Mrs Kirkpatrick informed the Council that sire was in-structed to say that if it were

vote from a veto to an absten-tion, delegates listened in disbelief.

A Falkland Islander drives

his tractor and trailer, laden with British troops and sup-

plies, through the East Falk-

land settlement of Teal In-

let. Meanwhile, about 1,000

Argentine prisoners were yesterday being put on a British ship off the Falklands

Ministry of Defence and else-

where, who have so far known

about operations and their timing, now do not know.

It is suggested in Whitehall that such information bas also

been kept from some Ministers,

at least in the detail in which

There was some tittering in the usually subdued chamber as they digested this development and, in whispered conversations, speculated on the meaning of the unprecedented American action.

Sir Anthony's expression was one of mixed amusement and irritation as Mrs Kirkpatrick showed him a note containing her revised instructions. These had been telephoned from Versailles, where Alexander Haig, Secretary of State, was accompanying President Reagan at the economic summit.

reach Mr Haig. Mrs Kirk-patrick believed the revised resolution linked the cease-fire and Argentine withdrawals strongly enough to permit the U.S. to abstain, as the French delegation did. Japan was among nine dele-

gations including the Soviet Union and Poland that voted for the resolution — causing considerable consternation in British diplomatic circles.

When the new American directive was received, by telediplomats were reported to have let out a whoop of delight. By in informing the council that

was too late. The votes had been throughout as an instructed takén.

Under UN rules, there is no ment. way to change a vote once cast. although a member may record an error, and at every general assembly session there are a few cases of delegates pressing a wrong button. In the 15-nation council.-votes are by a show of

Mrs Kirkpatrick sald after the incident that she was embarrassed by it, remarking "any-body would be embarrassed,

wouldn't they?" Emphasising that she had folphone in an ente room, some lowed orders in casting the veto and then done as she was told

representative of my Govern-It was only late on Friday,

she said, that the U.S. learned of Britain's decision not to explore possibilities for further revisions to th draft restolution but to cast a veto.

She added: "It is perfectly clear that the problem arose out of the effort of my Government's officials, operating from Paris, to arrive at decisions on the hasis of the latest British decisions."

It was not the fault of any "disorganisation of our policy process," she insisted. "It happened because of the physi-cal dislocation of principal According to American the time they delivered the she would have liked the vote cal dislocation of princiofficials, while the pre-vote orders to Mrs Kirkpatrick, it changed, she said 'I acted officers of our Government,"

This announcement appears as a matter of record only.



¥20,000,000,000

### Commonwealth of Australia

Series No. 6 (1982) Due 27 May 1992

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### 1981-Year of transition at Solvay & Cie.

# 1982-Encouragina

The economic crisis continues to rage and the European chemical industry finds itself confronted with its greatest problem: manufacturing overcapacity in the face of stagnating or even falling demand for certain basic products. While inorganic compounds, chemical specialities and medicines continue to move a head at a satisfactory pace, organic agents and, in particular, plastics are suffering setbacks.

The remedies exist The implementation of the energy savings programme first set up in 1973 was actively pursued in 1981. Rationalisation efforts were intensified in the troubled sectors, particulary in plastics, were intensified in the troubled sectors, particulary in plastics, which are responsible for the unsatisfactory results of the Group. Production capacity and staff numbers have been adjusted to a state of slower growth and certain activities, whose future profitability cannot be assured, have been abandoned. In addition, marketing was accelerated of more complex and epecialized products, aimed at less mass manufacture and more added value. Moreover, rationalisation and adjustment of the Group's organisation to the new requirements is well underway, e.g. unitying the management of the German subsidiaries, creating a central management for human health and fine chemistry. All this will reduce operating costs. It is obvious that a change of this scope, affecting both men and products, can only succeed through progressive reorientation, spread out over several years and pursued with vigour and constancy.

### Policy strategy

To guarantee the success of this change, Solvay & Cie holds a major trump: its strong position in the area of technology. The chemical industry ie surging forward and we will not be left behind. We are innovating in every sector where we are active, both old end new. We will maintain our lead, occupy the positions of the future and furnish our undertakings with scientifically advanced products...

### **Key figures**

n millions of BF 157,420 138,450 search expenditure 4,500 42.417 Personnel expenditure Capital expenditure 9.194 10,760 Group's net result Net result of Solvay & Cle 2,161

The Solvay & Cie amusi report can be obtained in I, Dutch, English and German on request from the Secretarist General of Solvay & Cie, Ruedu Prince Albert 33, 8-1050 Eussels.

## prospects.

Field of action Today, Solvay & Cie has men, projects, edvanced tools and reserves which can be made available everywhere in the world. The field of action is vast: novel processes for menufacturing traditional products, development of the uses of hydrogen peroxide and its derivatives, better performing medicines, technopolymers, the use of biotechnology... Progress is decidedly encouraging.

### The impact of the crisis

on profits. The results of the Parent Company, which are less affected by the detenoration of the plastics market than those of the Group, are positive. The Board of Directors will propose to the General Meeting a dividend of 150 BF per fully paid-up share, a step backwards compared to the preceding year. But it is quite clear that 1981 was e step along the path of adjustment to the new economic environment: there are excellent reasons for believing that the measures which Solvay & Ole has taken in order to resist the recession will succeed.



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Japanese investment hits exports BY PAUL CHEESERIGHT, WORLD TRADE EDITOR, IN TOKYO to the section self-THE QUICKENING pace of and a significant exporter. effect on the level of exports. This ties in with the desire of to him to be seen to him to be Japan's Western trading partoners both for more restrained s exporting and for a higher proiself Caratains

Exports this year will be up to \$4on (£2.1bn) less than they would have been without the higher level of investment raccording to estimates pre-pared by economists at

Japan's direct investment over seas is beginning to have an wide was \$4.9bn in 1981, compared with \$2.4bn in 1980, the economists noted.

The effects of this investment, directly encouraged by the Japanese Government, is sportion of Japanese manufac one of five factors contributing sturing capacity to be sited to the slowdown in Japanese exports that first became apparent in the last quarter of

The other factors are sluggish demand caused by the international recession, the at high level of stocks beld by Marubeni, fourth largest of the Japan's customers resulting In this situation, the exist the again Japanese trading houses from the inability of markets tence of the export restraint exist.

volume increase in Japan's exports between 1979 and 1981 and the high number of valuntary export restraint agree-

Japan's exports in 1981 were worth \$149.50n and the Marubeni economists are forecasting that there will be no increase this year. Although they see a slight recovery in the international economy taking place towards the end of the year, they doubt whether it will be beneficial to Japanese exporters.

to absorb the 30 per cent agreement is seen as being of less significance than market conditions.

It is generally estimated that about 20 per cent of Japan's exports are covered by restraint agreements of one type or

Pressure for restraint agreements has been a feature of the Western response to Japan's

aggressive exporting.
Japanese exporters have therefore intentionally raised the level of their investment overseas in an attempt both to bead off further demands for export restraint and to go round the agreements which already

### Nigerian rail plans boost export prospects

BY QUENTIN PEEL, AFRICA SOFTOR

decision to press cheed with its industry officials. \$2.5bn new standard gauge rail-"way, confirmed by the award of has been given by the Nigertan six construction contracts in re- Government-albeit not yet pubs cent weeks, will open up a big lichy announced—in spite of the market for exporters of steel, austerity programme and imconstruction and track-laying port restrictions announced by

The 300-mile railway from April Post Harcourt to the steel plant French exporters are being built at Ajaokuta, on the favourites to win a big share Niger River, will also require of the expected business, folequipping with rolling stock. Inwing the success of French locomotives, and a signalling contractors—Domez and Drasystem, providing a market of gages et Travaux Public—in

THE NIGERIAN Government's facturers, according to railway

The go-shead for the railway

hecause financing for at least partment (ECGD) for British

Financial packages for the six contracts, ranging in value from \$350m to \$400m, are currently being arranged, involving a mixture of export credits for the offshore content, and Euromarket finance for the Nigerian naira cost.

The largest amount of British suppliers.

But British business is also procurement from the civil en-well placed to win orders, gineering contracts is expected to come from the Chinese-Swiss consortium (involving Noga three other sectors is expected consortium (involving Noga to include hacking by the and Elektrowatt of Switzerland, Export Credits Guarantee De-and the Chinese Civil Engineering Construction Corporation) which expects to huy some £150m worth of steel and equipment in the UK.

· Stirling International, part of a consortium with Impresit of Italy, expects to place orders worth some £45m in Britain, while Partizanski Put, of Yugoslavia, is also looking for UK

### Thai Airways improves deal with London

BRITISH and Thai officials have signed an agreement giving Thai Airways International, the country's flag carrier, significantly better terms for its three weekly flights in London.

According to a joint statement, a requirement that the That airline make two intermediate stops between Bang-kok and London will be relaxed over three years. As from 1985, the Thai airline will only have to make

one intermediate stop, giving it what me British official described as "a more attrac-tive product." A restriction on passenger numbers will also be dropped after this summer. Under present arrangements, the limit per flight is 270, based on the capacity of a DC-10,

### Thinking ahead for the Panama Canal

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE PANAMA CANAL Com- set some of the loss of revenue investment in new equipment mission - now reckons . It can and internal cost-cutting the keep pace with shipping traffic rest. until the early 1990s, having licked the congestion which became an embarrassing problem in recent years. After that, the canal will have to be enlarged or a costly new sea-level crossing built.

Mr Dennis McAuliffe, the canal's administrator, expects traffic to ease off by 15 per cent or so over the next couple of years and then to revenues will probably dip start climbing again. Tolls are below \$300m in fiscal 1983 after. start climbing again. Tolls are going up by 9.8 per cent in October to offset business which a new oil pipeline will take

The trans-Panama populine is due to open near the end of 1982. The canal is likely to lose some 1,500 ships a year

The fiscal year to end-September 1981 was a record breaker for the canal. More than 170m tons of cargo on nearly 140,000 vessels went through the 50 miles dividing the Atlantic from the Pacific get through. Tolls brought in \$303m.

old who prefers not to use his so serious. U.S. Army title of general, says revenues last year.

"Our congestion problem is behind us," he says thankfully. Between late 1970 and 1980, as many as 180 ships were Retween late' 1979 and early quening up for transit. stirred me into action," be adds Some of the ships had in wait for four or even five days to

Since then, there bave been Mr McAuliffe, a trim 60-year- nther jams, but none have been

Mr McAuliffe, who is spending this week at the Posidonia raising between \$320m and shipping exhibition in Greece, \$330m this year. The govern- after a visit to London, became ment of Panama took a share the canal's administrator in of nearly \$80m from the toll October 1979 under the terms of the Panama Canal Treaties The canal commission is of 1977. The U.S. will run the spending up to \$100m a year canal until the end of 1999 and to improve and maintain the then band it over to Panama. and revenues of over \$50m as canal. In fiscal 1981, this in- There is no longer a canal zone a result. The toll rises will off- cluded nearly \$32m of capital with its own government.

### Dayco sues over Soviet trade deal

By Tom Sealy
DAYCO CORPORATION of Ohio, one of the U.S.'s biggest industrial rubber manufacturers, is suing a New York trading agency, Foreign Transactions Corp, for frand and losses totalling some \$40m (£22m) arising from a trade deal with the USSR.

In 1979 Foreign Transactions Corporation approached Dayco with 13 Soviet orders worth \$117m. It offered to act as the direct seller to the Soviet buyers for a commissions of sales, and insisted that the commission was paid in advance.

This was not normal Dayco practice, but the lure of major profitable business at a time when the U.S. automobile industry was depressed was too much for Dayco to resist. Payment of a \$12m advance commission was agreed.

Dayco claims that from 1980

te mid-1981 it carried ont \$47.3m worth of work on the

By the end of last year Dayco had received only \$6.6m from the Corporation with it claims, no satisfactory explanation for the missing \$40.7m.

When Dayco contacted the Soviet buyers directly they discovered that their lucraexist. According to Dayco's complaint filed at a New York district court only one order, worth \$883m, presented to the company by Foreign Transactions was genuine. Of the others 11 were said to be entirely fictitious and

one partially fictitious.

Dayco is now sueing Foreign Transactions Cor-poration for the \$13m advance commission and over \$25m for fraud and other

W. Germany 1143

112.5

106.3

### Mark Webster reports on Multitone's bleeper

### 'Pocket telex' pages overseas

Multitone is the only major British manufacturer of the igarette packet-sized bleepers" which tell you that cigarette ynu are wanted in the managing director's office or on the telenhone.

In terms of overall sales, it is a minnow by comparison with its major competitors such as Philips of Holland, Mntorola of the U.S. and Telefunken in West Germany. But by specialising only in the radiopaging business, Multitone reckons it has kept well up with its rivals whn bave much bigger electro-

Multitone's chairman and chief

More than 60 per cent of Multitone's sales are abroad, either manufactured in its plant at Marham, Norfolk, or in the factory which it built in Mal-

To push foreign sales, Multi-tone has built up its own marketing companies in four countries and has distributors in a further 70. Each year, the

Feb. 82 117.3

112.8

Jan. 82. 149.7

**World Economic Indicators** 

INDUSTRIAL PRODUCTION

Jan. '82 118.1

113.1

Dec. '81 149.8

diggers all got in common? pany Multitone.

nic fish to fry. The result has been an impressive growth record over the past decade, with turnover increasing by an average 19 per cept annually to an estimated

1982 turnnver figure of £16.5m. Profits have also been buoyant so that for the year ended March 31, the pre-tax profits are expected to he £1.75m, a 23 per cent increase on the previous year. "We bave a growth," said Mr Ian Karten,

executive.

sales force is expanded.

% change

previous

-2.1

base

1975=100

+3.3 1975=100

Multitone is clearly prond of its research and development work which currently involves more than 10 per cent of the

113.4

127.1

Feb. '82

145.6

Source (except U.S. and Japan): Eurosten

try of Defence, the Moscow in the UK) and will have a Olympics and a team of grave- budget this year of some £1.3m. The pressure on Multitone to They bave all used radin paging keep np with the giants in the or "bleeper" systema manufac- electronic world which bave tured by the London-based com- interests in radiopaging are considerable since the systems

have come a long way from the

simple "bleepers", introduced in the 1950s, to the sophisticated machines of today. As well as transmitting voice messages, modern radiopagers can put out a group alert with a single message, connect two people with bleepers through the central switchboard for a chat, connect two people without being connected manually through the operator, and, with the use of the digital system.

The radiopaging business was pioneered in the U.S. in the 1950s. Since then, two distinct areas of commercial interest

carry messages much more

have emerged. On the one band are the "on site" systems which are used in industry, bospitals, hotels and stores for contacting mobile memhers of staff. The second is the "public paging" system which British Telecom operates and which allows people any-

where to hire a pager Multitone has been successful previous year. "We have a Multitone has been successful strong sense of the imperative in selling both types of radiopaging equipment and has been belped in the home market by British Telecom's willingness to invest heavily in the nationwide system to the point where it has become Multitone's big-gest single customer, with 7.5 per cent of total sales last year.
According to Mr Karten,
Britain is well ahead of the rest of Europe in the use of radiopaging equipment with some 25 per cent of European

**Exporters** at Work

For the future, Multitone sees a greater demand for the tone-only signalling equipment since voice transmissions take up too much valuable line time. It takes the same time to send ,500 voice transmisssions as it does to send more than 1m toneonly signals.

It also expects the radiops of the future to have a facility for the read-out of a written message as well as the figures already available. "The telex in your pocket," as Mr A Biancardi, manager of Multitone's **Business Communications Inter**national, described it.

In the meantime, there are plenty of novel applications to explore. In one German vine-yard, a man in a central watch tower uses the selective switching gear of a radiopager to fire

guns and scare off birds. In Britain, a widely dispersed set of huts for battery bens are linked to a central system so that if there are fluctuations in temperature, a technician is automatically bleeped with a code which tells him which hut is in trouble. "It has saved them a lot of money. Techni-cians are expensive," says Mr users estimated at more than Karten.

#### SHIPPING REPORT

### Further fall in rates on dry cargo market

RATES dropped even lower on last, brought the U.S. Gulfthe tanker sale and purchase market, about 50 cents. business was also fairly slack with many key operators U.S. Gulf/Continental Europe already setting out for the grain level, steady for many Posidonia shipping exhibition weeks at just under \$12 for the 1975=100 in Greece which starts today.

On the Atlantic, freight rates declined to \$10.25 a ton. The came down substantially. Far East, the broking firm Chinese charterers, who had added, "remains bad news for fixed at \$31 the week before everybody."

the dry cargo market last week. China grain rate down to \$27.50 scene a ton. The rate from the U.S. remained cheerless. On the Gulf to Japan also eased by

Depholm Coates said that the 50-55,000 deadweight ton size,

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strong action is necessary to

restore the party's credibility.

opposed to expulsions, and it

ditional cross-horder police force in Ireland to crack down on terrorists. It should

down on terrorists. It should be run on the lines of the FBI in the U.S., which op-erated in tandem with state and city police.

Meanwhile, Mr James Molyneaux, leader of the Official Unionist Party, said

the threat to the union be-

tween Northern Ireland and Great Britain had lessened

as a result of Ireland's re-

Health Department denies bias for ICL

ment of Health said yesterday

that there was no question of

the Government trying to exert

Both the EEC and GATT

influence on the anthority, which took its decision on Fri-

rules require large government

computer orders to be decided

In a similar row IBM, the

by open tender.

DECISION by the Oxford- authority to opt for the British tire regional health authority company. However, the Depart-

pressure was put on the U.S. computer Company, is tak-

### Labour 'in a state of collapse'—Weighell

BY PETER REDDELL POLITICAL EDITOR

"hankrupt, ineffective and in a tained. Behind the issues is the state of collapse" and without a continuing row between the "cat in hell'e chance" of win-ning the next election, Mr Sid Mr Tony Benn and his allies, Weighell, general secretary of which has been aggravated hy the National Union of Railway. Mr Benn's opposition to the men claimed yesterday.

Mr Weighell's comments, to the annual conference of his union's branch secretaries, underline the low morale among many sections of the centre and right of the party following recent poor election results and the reopening of internal divisions.

A period of intensive meetings on a series of cootroversial issues hegins this week sial issues hegins this week In general shadow cabinet therefore, according to many sider proposals that the massive with little hope among Labour members have limited them. Labour MPs, in breach of the 300-page-plus programme

BY OUR BELFAST CORRESPONDENT

IRISH NATIONALISTS in

Northern Ireland should press in the Irish Republic

for the creation of a pluralist

state, Dr Garret Fitzgerald

the former Irish Prime Minister, said in Belfast this weekend.

Dr Flizgerald, leader of the Irish Fine Gael opposition party, said nationalists had

the power to dispel the

official Labour line on the

Falklands dispute.

Mr Weighell, noted for his outspoken attacks on the left, he deals with the internal reexpressed many of the current frustrations when he attacked Militant, the "hard-left" group, for destroying the party from the inside. Broadening his attack, he said Mr Tony Benn should lead his own party with its own policies and should not

Ireland and thereby remove the most crucial obstacle to

fresh thinking about political structures in the island.

The responsibility to change the situation lay primarily with the people of the Irish Republic themselves, he told a conference on political options

organised by the mainly Roman Catholic Social Demo-

cratic and Labour Party.

cuts being ducing the committee's 1981

Northern

Unionists

Warning on LT services

pressed forward by London annual report published today. Transport "will cause major "One option being considered

hardship to passengers reliant because of cuts in investment on buses and tubes", says Mr and the need to plan to break

on buses and tubes", says Mr and the need to plan to break Ian McLeod, chairman of the even commercially is to cut bus

London Passengers Committee. services by half to just 90m bus The cuts follow last year's miles operated by 1990".

House of Lord's decision on the GLC's Fares Fair policy.

"Evening and weekend travel will be badly hit, with 20 or

30-minute intervals common on the GLC be given responsibility

many suburban bus routes and for atl elements of Loodon's

fewer services oo the Under- transport policy and adminis-

THE LABOUR PARTY is leaders that unity can be main- selves in public to exaspera- party's constitution. tion and appeals for unity, in the hope of encouraging Mr Michael Foot, the Labour leader, to take a tough line against Mr Benn and his But Mr Foot has always been

But in private some Labour might be difficult to get any leaders are more critical of Mr tough line approved by the Font and believe that the way party's annual conference. port on Militant will he a key lem concerns the status and test of his leadership. This is due to he considered by the gramme and how it should be national executive committee on considered by the annual con-June 23. The signs so far are ference in September. Meetings that the report will show that of the national executive com-Militant is a separate organis- mittee and of its representaation concerned with infiltrat- tives with the shadow Cahinet ing the Labour Party and is over the next two days will con-

Role urged for nationalists in creation of 'pluralist' Irish state

Republic would be deeply influenced if Northern Ire-

to hring its full weight to hear

on the problem. Nationalists

I nthe North were entitled to

demand that the people of the Irish states—if they were serious about working towards

a solution—should he willing

to create a pluralist state, he

He repeated his proposal that there should be an ad-

shire regional health authority

to award a substantial contract

to ICL, Britain'a largest com-

puter manufacturer, is likely to

fuel the growing controversy over public procurement of

The U.S. company Burroughs is reported to have been fav-

oured by officials and ICL was

the fourth choice. There have

heen reports that government

should be debated and voted in sections, and that new policy Many prominent members of the shadow Cabinet helieve that should be separately identified.

The issue has already provoked a furlous row in which Mr Tony Benn has been accused of leaking his version of a private meeting.

Labour will be hoping for some consolation at the Coat-The other immediate probbridge and Airdrie hy-election content of the party's proin Scotland on June 24 where it is defending a majority of more than 15,000 in a previously safe Labour seat. The speed of the by-election following the death of Mr James Dempsey has prevented the Laberals from having any time to organise and t the massive the Scottish Nationalist Party is programme now bitterly divided.

fusal to back Britain in the

Mr Molyneaux was addres-

sing the first meeting of the

Council for the Union, a loose

coalition of Ulster and other

integration with the rest of

the UK. The council is to or-

ganise a London conference

ing the Seven Trent Health

Authority to court over its de-cision to huy an ICL computer

The Department of Health is a large purchaser of computer

systems and most of its equip-

ICL encountred severe fin-

ancial difficulty in 1980 and re-

ceived substantial government help, mainly in the form of loan

mendation favouring IBM.

ment is made by ICL.

British politicians broadly favour the Province's

later this year.

### **Unit-linked** life policy proposals disputed

By John Moore, City

MERCHANT Investors Assurance Company has told Profes-sor Jim Gower, who reviewed investor-protection on behalf of the Trade Department, it is surprised his "sweeping pro-visional conclusions." on unit-linked life assurance differ from an earlier study of that

Prof Gower is a company law expert and adviser to the Trade Department. His preliminary proposals were drawn up after a series of failures of investment companies last

many of the proposals concern-ing unit-linked life assurance ignore the conclusions of the Scott committee, which studied this sector in detail in 1973. Merchant Investors agrees with the Scott committee that unit-linked life assurance is not fundamentally different from any other form of life as-surance and that its distribution should not be subject to

eparate regulation. Prof Gower reported there was a failure to treat "like with like" under the present regulatory system, particularly regarding the differing treat-ment of life assurance and

other forms of investments

He said: "This resulted from
the report of the Scott committee and the subsequent
express exclusion of policies of insurance from the provisions of the Prevention of Fraud (Investments) Act. It is my impression that this is now generally regarded as a mistake."

Merchant Investors has told the professor it is "not aware of any such general feeling."
It saw "no reason why the promotion of linked life assurance policies should be the subject of a regulatory frame-work different from that applicable to other types of assurance.

"The Scott committee arrived at this view after receiving a considerable body of evidence and we are surprised that this conclusion should he dismissed with so little supporting argument." The groop says it "would he unwise if, in the search for

uniformity of regulatory structure with quite disparate investment markets, a new framework of regulation was to be imposed on the insurance industry," It did not see "any real merit in the suggestion that an indus-try body should be formed to

take over from the Department of Trade the detailed regulation of the life insurance market." It felt, however, there was some need in the life-assurance industry for an independent body to deal with policy-holders' the expensive process of law." | Catholic bishops

JRC

### Banks claim trend for cashless pay MORE THAN half the 23.4m 44 per cent, according to the

working population is paid by figures.

cheque or by direct credit Over the same period the transfer into a hank account number of employees paid and almost three in four weekly fell from 64 per cent workers have a current ac-count, according to figures pub-lished today by the Inter-bank Research Organisation on behalf of major retail banks.

Significantly fewer people were paid in cash last year. There is a continuing trend towards monthly rather than weekly pay-packets.

The high street banks claim major success for a campaign started in January, 1981, to persuade employers and trade unions to accept cashless pay which, they say, is cheaper and

The assurance group says

rapid progress would be made He said the banks believe that Between 1979 and 1981 the within the decade more than 80 per cent of workers will have proportion of people paid in cash fell from 54 per cent to moved to cashless pay.

	WAGE AND	SALARY	<b>PAYMENTS</b>	IN	THE UK	:	· · ·
	1969 % 75	1976 % 59	1979 % 54	٠.	1981 % 44	· .	1987 m
Cash	75		54				70.3
Cheque	10	12	14	٠.	. 15	٠,	3.4
Direct to	bank						
account	15 .	27	31		38	•	9.0
Other		2	. 1		3		_ D.7 ;
Total	100	700	100		100		<u> 23.4                                     </u>
Weekly* Monthly†		. 67 .	- 64		57	: "	73.4
<b>Monthly</b> †		.33	36		43		10.0
Total		100	100		100	<u> </u>	<u> 23.4                                     </u>

Includes fortnightly pay (2 per cent in 1981)
 Includes 4-weekly pay.

### Leumi provides cashpoint service through Lloyds

BY PAUL TAYLOR

The arrangement, believed to be the first between a major UK High Street bank and a subsidiary of an overseas hank will allow Leumi's customers access to Lloyds' 1,200 cashpoint machines throughout the

Bank Lemmi will be meeting the full cost of the service. Mr Joseph Wegrzyn, Bank Leumi UK's director and general manager, said it would

Carpet souvenirs

SOUVENIR CROSSES made from a carpet on which the Pope stood to say Mass during his tour of Britain are being put up for sale at £5 each. So far, nearly 1,000 people have written to the carper company to order a cross, all of which are authenticated by the

A Group of Greative and

Deukeige Engineers Working

tor to merrous World

BANK LEUMI (UK), the be able to provide its UK London-based retail banking customers, numbering more subsidiary of Israel's largest than 10,000 mostly in the hank, is to provide its UK London area, with "the same customers with a free cash type of service as the group is dispensing service in a link-up giving its customers world-with Lloyds Bank.

to 57 per cent, or 13.4m. The banks believe that by 1983 more

people will be paid monthly

rather than weekly. The figures show 72 per cent

of the working population has

a bank current account com-

pared with 51 per cent in 1976,

Even among those still paid in

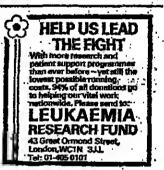
cash about half has a bank

Mr John Cox, chairman of the banks working group in charge of the campaign, said

he was confident even more

Lloyds Bank said the deal with Bank Leumi could provide the basis for arrangements with other overseas banks although no negotiations are going on at

Bank Leumi has 450 offices in 19 countries and is one of the world's largest 100 banks in terms of assets. The bank has five branches in the London





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prices increase

June 7 1980

cashpoin

loyds

own right.

aging and members agents. Out cient profits, of the 163, some 101 have. The review

shareholding links with Lloyd's the agency system, chaired by insurance brokers, it was dis-Mr Alec Higgins, a former closed in evidence to Parila- deputy chairman of Lloyd's, will be under pressure to publish its

### Steel imports up after domestic

BY IAN RODGER

Britain's beleaguered steel industry comes from importers taking advantage of recent price increases

Steel import figures for February, published last week, show a 65 per cent volume increase over February 1981 when UK prices were severely depressed, and 14 per cent above the average rate in 1979, the last year in which the steel industry performed normally.

In the past year, UK steel prices have risen about 25 per cent as a result of production quotas and price support measures imposed on all EEC producers by the Euronean. Commission.

EEC industry ministers meet in Luxembourg tomorrow to discuss the renewal of these measures. The ministers will face strong pressure to accompany the internal controls with more effective restraints on imports from third countries.

Existing voluntary restraint agrements are based on im-porters' traditional levels of ahipments and so are ineffec-tive now that European mar-kets have contracted sharply. They also dead only with gross

tonnages.
"The Commission should be

THE LATEST threat to sociation of Steel Stockholders,

The products most affected

hy import pressure so far appear to be light sections, wire rod and reinforcing bars.

The joint venture by British Steel Corporation and Guest, Keen and Nettlefolds—Allied Steel and Wire—which is the UK market leader in light sec-tions, has responded by cut-

ting its prices on the 12 most popular sizes.

In one case—102mm by 51mm channels—the reduction was about £40 per tonne from the 1979 list.

My Pay Fastbling cales were

Mr Ray Farthing, sales man-ager for Allied's sections, said Italian imports of 50mm by 50mm by 6mm angles were being offered at £185 per tonne compared to £196 by Allied which had lowered its price by about £20 per tonnes from its 1979 list.

UK producers of wire rod and reinforcing bars have preferred to hold their prices and lose market share. As a result, they are asking the Commission to decree that mills make even more severe abatements on reinforcing bar production than the current 30 per cent.

Wire rod has not been inclnded in the quota system for the more adept at recognising pres- past three months but is sure on specific products," Mr expected to come back in with Richard Rawlins, executive an abstement rate close to 50 director of the National As per cent.

### Footwear employment likely to fall to 55,000

BY ANTHONY MORETON

THE NUMBER of people in the tively well but in an industry footwear industry continues to. fall. By the end of February it had reached 55,600 according to the British Footwear trend, though, is that the Manufacturers Federation, Further redundancies have since been announced so that figure will soon be about 55,000.

will soon be about 55,000.

David Scott, of Northampton, for instance, is to cease manufacturing. in Northampton. laying off some 300.

Whitney and Westley, of Northamptonshire. Is to close at the cost of 100 tobs. Scholl has amounted that some of its

bas announced that some of its subsidiaries in this country will cease making shoes. All these redundancies have still to work

The federation has said that under considerable pressure." "It is difficult to sea very much to enthuse about in the industry. We receive the odd report about companies doing rela- special factor.

our size you can always find

the exception." One relatively encouraging number of people working sbort time appears to be declining. On average, 10,500 were on short time during the 12 months to the end of March. a drop of 28.4 per cent over the previous 12 months.

The numbers on overtime fell by 5.5 per cent over the 12 months to an average of 3,600.

Deliveries during the first quarter of this year continued at a more or less stable rate of about 128m pairs. New orders, their way into the employment. however, showed signs of turning down, and margins "remain

Exports in January were 17 per cent down on a year earlier. The disappearance of the imfrom Northampton or Norwich portant Libyan market was a

working members of Lloyd's,

More serious problems were

highlighted during evidence before Parliament. Agents

often went beyond the Lloyd's

system to recruit members.

Accountable, stockbrokers and

other financial advisers have

been paid attractive commis-

Lloyd's. Members of Lloyd's, sometimes unsuitable for the

market, have been introduced without proper advice.

Parliament was worried about

the degree of partiality which

can exist where agents combine the dual role of both managing syndicates and introducing

A serious instance of par-

tiality has been highlighted in recent months by the practice of some managing agents. Few members of Lloyd's realise that

if they are introduced to Lloyd's through a member agent, who

acts only in that function, there

might be no security of tenure

on the underwriting syndicates

to which they are introduced.

Any managing agents can give a members agent notice

without reason to withdraw the

members he has introduced to

the managing agents' syndi-

cates. Members agents are

openly annoyed about the

practice, which they argue has

been used indiscriminately and

without any sort of account-

provide the members, which

those managing agents have

The review body, examining

brought to Lloyd's and placed

Managing agents may ask

members to syndicates.

to introduce members to

and their role as agents.

### INSURANCE

### Underwriting system review at Lloyd's

BY JOHN MOORE, CITY CORRESPONDENT

A MAJOR review of the under- reasons why the agency system writing agency system is taking needs review. Accounting stanplace at Lloyd's of London, the dards within the agency system first ever thorough investigation are lacking in uniformity. of the Lloyd's agency system. Managing agents can confuse

Critics argue that such a their obligations in carrying eview is long overdue. Indeed, out their functions for their he review has only been principals, which are the nonreview is long overdue. Indeed, the review has only been prompted by the wishes of Parliament Last year, Lloyd's was asked by a House of Com-mons committee, reviewing the Lloyd's Bill of Parliament for improving the insurance market's self-regulation, to amend the legislation to eradicate conflicts of interest which would undermine a self-regula-

In addition to asking Lloyd'a to make compulsory the divestment of Lloyd's brokers' sbareholding interests with underwriting managing agencies, the Commons committee asked Lloyd's to ensure that underwriting managing agen-cies (the groups which run underwriting syndicates) were precluded from acting as

members' agents. 'Lloyd's refused, secured a mandate from its membership to object to the proposal and asked Parliament to change its mind. The Commons committee agreed provided Lloyd's re-viewed the agency system.

Members agents are a fairly new phenomenon at Lloyd's, having only developed since the war. These groups find nuder-writing members for Lloyd's, the wealthy individuals who pledge their capital to allow Lloyd's to function. The members agencies introduce underwriting members underwriting syndicates Lloyd's and arrange a portfolio

of investment These underwriting syndi-cates are managed by undermembers agents to withdraw writing managing agencies, who do not only hire and fire the the members they have introduced to the managing agents' syndicates for a variety of active underwriter, who accepts reasons. Business may not be growing at a sufficient rate to business on behalf of the 16,000 sleeping membership, but also acts as members' agents in their

Of 301 underwriting agents at Lloyd's, 163 act as both man- on their syndicates, with suffi-

There are a wide range of findings.

Commercial vehicle sales up on last year

BY JOHN GRIFFITHS

SALES OF commercial vehicles to 19,439. increased to 21,537 last month -21.2 per cent up on May 1981. The market this year to date, ably alightly brighter than the

show the improvement to be concentrated in the light com-

The underlying picture for the over-3.5-ton group is probcent down at 2,262. Bedford's year-to-date over-

though still depressed, is May figure suggests. Deliveries running 10.1 per cent ahead of of Ford's market-leading Cargo running 10.1 per cent ahead of ford's market-leading Cargo the same period last year truck range — and other Ford vehicles—have been affected by turers and Traders statistics and district at the Langley Berk. dispute at the Langley, Berkshire plant where the Cargo is

mercial sector.

Sales of trucks "proper"—
those over 3.5 tons—fell in May
to 3,514 from 3.562. For the year to date, however, there has strike earlier this year for its been an increase of 1.9 per cent continuing problems. May sales

were 20 per cent down at 462 pose-built van sector, where and for the five months 28 per

3.5-ton sales are down 15 per cent in May (37 per cent last eent, and those for the Dodge year) and 31.9 per cent for the eent, and those for the Dodge arm of Karrier Motors down about 5 per cent.

porters who are making most headway in the sector. The importers' five-month share is 29.7 per cent, against 21.2 per

This contrasts with the pur-

		UK CA	R REGISTR	ATIONS	Five	e months t	o end of N	lay
	1982	<b>%_</b>	. 1981_	%	1982	%	.1981	_%_
Total UK produced	53,156	43.76	65,571	48.46	284,490	42.32	322,255	46.58
Total imports† Total market	68,312 121,468	56.24	69,736 135,307	51.54 ~	387,774 672,264	57.68	369,595 691,850	53.42
Ford*_ BL*	30,085 26,874	24.77 22.12	38,379 30,476	28.36 22.52	204,301 120,342	30.39 17.90	209,621 142,710	30.30 20.63
General Motors— Yauxhall* Opel Other GM	14,451 365 3	11.89	10,208 1,719 52	7.54	75,833 4,416 180	11.28	49,368 10,290 293	7.13
Total GM	14,819	12.20	11,979	8.85	80,429	11.96	59,951	3.67
Peugeot Group— Taibot <sup>o</sup> Citroen Peugeot Total Peugeot	5,658 2,039 1,607 9,304	4.66 7.66	8,842 2,007 • 1,746 12,595	6.53 9.31	24,977 11,029 2,994 44,994	3.71 6.69	37,085 12,265 7,995 57,345	5.36 8.25
VAG (VW-Audi)	7,345	6.05	7,444	5.50	39,061	5.81	35,026	5.06
Datsun Renault Yolyo Fiat Auto	7,119 4,490 3,670 3,193	5.97 3.70 3.02 2.63	8,072 6,527 3,286 3,635	5.97 4.82 2.43 2.69	37,467 29,802 22,572 22,554	5.54 4.43 3.36 3.35	44,239 33,881 18,354 24,475	6.39 4.90 2.65 3.58

t includes imports from all sources including cars from Continental associates of UK companies

restraints on Japanese ship ments belped pull the importers' ahare down to 24 per

five months (40 per cent). Total aales of such vans in However, Karrier's Renault May rose 37 per cent to 11.607 truck sales are up 65 per cent. from 8,432 and by 22 per cent to 196. It is once again im- to 47.811 from 39,109 for tha five months.

May was another big month

for the Ford Transit, which was subject to list price cuts and specification changes, in which the Popular Plus disappeared. Transit sales totalled 6,617 more than double last year's level. This is the second big sales push for Transit this year and is largely responsible for the sector's overall growth.

BL's medium van arm, Freight Rover, has benefited from its major productivity overhaul, with year-to-date sales up 21 per cent, albeit without increased market share. This may change with the launch later this month of a new Sherpa van range.

Sales of light vans derived from cars continued to improve. They were up 20 per cent in May to 5,495 (4,579) with the higgest improvement coming from BL's Austin Rover operasector are 4.3 per cent up at

The light four-wheel-drive sector remains badly depressed. May sales were down 24.47 per cent from 752 to 568 and five-

### Demand by hauliers expected to stay flat

until 1983, according to a report panies in the industry.

The raport, by ICC Business Ratios, says hardiers have responded to the slight upturn in all. Consequently, interest payindustrial output, and to higher ments amounted to an average demand due to rail strikes, by 11 per cent of profits compared with 29 per cent for the total demaind the to rail states, by hringing hack into service vebicles faid up during the recession and cannibalising surplus vehicles to keep others in service.

At the same time, normal vehicle replacement cycles have been lengthened, as a result of reduced mileages covered by vehicle fleets during the reces-

A slight recovery is forecast this year, but the report concludes that vehicle and component makers, and importers, may wait another 12 months for substantial improvement.

The report also concludes that the bus and public service vehicle sector will deckine sharply with the withdrawal of tion. Year-to-date sales for the far this year are only two-thirds of those in the same period of

The report says that half of all companies in the industry, including truck body-hnilders and trailer manufacturers will But in spite of the poor over-

NO SIGNIFICANT upturn in all performance, a number of UK demand for beavy commer- companies have reported high vehicles can be expected profits. Body-builders-largely companies in the £2m-£20m on the performance of 100 com- turnover range had been least affected by the recession

They tended to be less highly

Overall, kiquidity in the sector remained sound, notwithstanding temporary losses. But with companies facing

difficulties also in export markets because of the strength of sterling, the future was likely to be difficult in both the short and medium term.

"In the longer term, the aec-tor's products are essential to the economy and there is no reason to believe that it will suffer permanent damage from the recession." \*Commercial vehicles - an

industry sector analysis. ICC Business Ratios, 23 City Road, London ECIY 1AA. £112.

Companies workshop THE LONDON Chamber of Commerce and Industry is launching a Small Firms Group Workshop which will meet regularly to give advice and belp to small companies.

### Review of the Series

For the past three weeks Dick Wilson and Yotaro Yanase have been interviewing various Japanese corporations about their research and development programmes and their future outlook. Included in the series were five electric appliance manufacturers - Matsushita Electric, Toshiba, Nippon Electric, Victor Company of Japan and Sharp; two office and optical equipment makers — Ricoh and Canon; and Casio — electronic calculator maker. They also interviewed Honda Motor, an motor manufacturer; Nippon Kokan, a steel maker; and three trading companies - Mitsubishi, C. Itoh

and Marubeni. During their interviews Wilson and Yanase focussed on the development of new technology and applications in the electronics industry.

Today Wilson and Yanase conclude this series with a discussion, hased on their interviews, with Mr. Toshio Takai, the Executive Vice President of the Electronic Industries Association of Japan.

Wilson: It used to be the case that Japan imported most of her technology and new inventions, and distinguished herself by organising successful commercial production of consumer goods from them. But today Japan has obviously advanced from that stage, and we have been hearing about very high budget expenditures on R & D. Just how competitive is Japanese technology these days?

Takai: Quite competitive. There are many criteria used to assess a country'a technological development. The R & D budget is one of them. The transaction of buying and selling licences or the number of patents registered in and out of the country is another. The number of scientists is a guide to the strength of the technological infrastructure. And we should not forget to look at how much of this R & D investment pays off in terms of an end product with high

added value. We can put all these elements into a mathematical formula and get a general index which gives us a rough idea about levels of technology. According to the latest research (from the late 70s), the United States is top with an index of 100; then comes West Germany, scoring 56; immediately after that is Japan with 50; France has 38 and the United Kingdom scores 26, The same research shows that ten years before — in the late 60s Japan was ranked at the bottom of the list. So Japan showed a considerable advance in her overall technological level. But do not forget that the index figure has mixed values - qualitative and quantitative - and if you take a close look at the elements that make it up, you can see certain special characteristics of Japanese technology.

### Yanase: What are they?

Takai: Well, the imbalance in licence payments, for example, shows that we are still buying more licences than we are selling. Though the gap has been dwindling fast in recent years, it means that we still have to buy technological know-how in two major areas: the first is the space or aerospace industry. which includes the whole field of defence or arms sales.

Yapase: It has been our national policy after the War to abandon any attempt to reconstruct the country's military power,

other than for our own self-defence, and to stay away from building up related industries. But as you know, technology itself does not know any political or moral boundaries - nor industrial ones for that matter.

Takai: Exactly, we cannot afford to ignore this sector where all the essential ingredients of high technology cometogether. This does not mean that Japan will go into the production of missiles or combat aircraft but it will certainly mean more communications satellites and passenger aircraft, for example. Secondly, we tend to buy licences based on general or basic research. As far as R & D structure is concerned, we have tended to place more emphasis on the application and development of technology, rather than on basic research. The present R & D hudget is about 10 billion pounds which accounts for 10 per cent of the world's. But in terms of proportionate expenditure against GNP, it is less than 2 per cent. It should be lifted over 2 per cent level and more investment should be given to basic

Yanase: Let's now turn to electronics, which is becoming an extremely versatile industry.

Takai: Yes, that is the area we have been very conscious of exploiting from the late 50s. Since then the electronics industry has ahown an annual growth rate of 18.5 per cent, and with the completion in 1979 of the joint venture by the government and five computer companies on VLSI, it showed another amazing leap, branching out into different industrial sectors, and holding out the promise of a completely integrated network for both industrial and consumer electronics in the forseeable

Wilson: What are the future prospects. for the European electronics industry?

Takai: Judging from the international symposium on ICs aponsored by the Parts Industrial Association in Paris held on April 6 and 7, Europe still seems far behind the United States especially in the fields of ICs and computers. They will have to stress these two fields in order to achieve high growth: .

Yanase: You think then that European electronics industry has the potential to grow substantially?

Takai: That's right. European electronics industry is very competitive and software will exceed hardware in value. So, there is a lot of room for cooperation to combine Japanese hardware with European software.

Wilson: We can therefore say that the electronics industry is an industry with high growth potential and one that would lead other industries. We might also add that electronics might contribute to the future era of information and energy conservation by, for instance, applying microchips to motorcars. Honda has been particularly active in these efforts. It was one of the first car manufacturers to develop an energy efficient engine for small cars. In the steel industry, we also have Nippon Kokan, which has automated and computerized its ateel plants to increase output and at the same time reduce pollution.



Dick Wilson Freelance Journalist **Author of Series** 

stimulate it.





Advanced Technology Analyst



Toshio Takai Executive Vice President of EIAJ

Takai: Yes, and the electronics industry is also lockier than other industries because microchips are ntilized in other industries and are in great demand for them. Japan's exports of microchips do not necessarily harm industries in the importing country. In fact, they help

Yanase: I hear that Japan's production of VTRs for home use have been increasing now. How are people in the importing country thinking of this fact?

Takai: Until recently, companies such as JVC and Canon, with their own sales networks, have been expanding their exports. However, OEM (Original Equipment Manufacturing) transactions have become very popular lately as in the case of VTRs, for example, where 50 per cent are covered by OEM transactions. Countries importing such OEM products will benefit from the substantial sales profit while Japan doesn't have to face barsh criticisms over these exports. The technology for home VTRs was originally developed by Japanese manufacturers. I think that Europeans probably do not feel as frustrated as the Japanese did when the Japanese Judo champions were defeated by foreign

Wilson: It is said that Japanese industries have a great capacity to develop new products by grasping global trends and market needs. The Sogo Shoshas have been particularly important in collecting relevant information. I hear that companies such as Mitsubishi, C. Itoh and Marubeni established their own technology departments?

players at the Tokyo Olympics.

Takai: Yes, that's because in the past, things like automobiles and electronics equipment could not be left in the charge of trading companies. Aftersales aervice is very important for them and technological knowledge is necessary. If trading companies gain such knowledge, however, it will be very useful in OEM or technical transfer

Wilson: What about Japan's overseas investments?

Takai: The number of colour TV sets produced in Japan last year totalled 12 million units, but approximately 4 million units were also manufactured abroad including the United States and Britain. American and Japanese IC manufacturers are also mutually investing in each country. And as such types of multi-national enterprises get more active, there has been less significance in talking about the trade balance. This electronics industry.

Yanase: Japan's computers have been competitive recently. What do you think is the reason?

Takaj: I think it is because Japanese integrated manufacturers such as Toshiba and NEC are manufacturing both computers and communications equipment. We are in an era of computers and communications as Dr. Kobayashi, Chairman of the Board and Chief Execu-

tive Officer of NEC says. Yauase: As for the fifth-generation computers, Dr. Kisaka, Executive Vice-President of Matsushita Electric, gave me a very interesting insight. The present computers are machines for calculation. But the fifth-generation computers. according to Dr. Kisaka, are artificial intelligence machines that will support the information processing capability of man such as inference, judgement,

association and decision making. Takai: That is exactly right.

Wilson: Is this technological innovation now self-generating? Should we expect more and more original developments in Japanese technology in the future?

Takai: Japan's economic growth has slowed for the time being. So, I think companies will once again emphasise research and development rather than equipment investments, so that they can put new products in the market when business gets brisk again. I also think that companies will shift their emphasis from quantity to quality.

Yanaac: Which means that Japan will

gain greater competitiveness? Takai: Yes, but software is still our

weak point. Yanase: Why?

Takai Probably because it depends greatly on the individual's ability. Japan is a group-orientated society that attributes most work achievements to a whole team and seldom to an individual. Such conditions stunt the growth of talents in the software field. In contrast, European society respects the individual's ability. Regardless of his or her age, an able person will merit a high salary and a high position. But one just can't say it is all good or had because it is this very social mechanism that has brought Japan to its present strength.

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### Builders fear ending of mortgage tax relief

Michael Cassell on the housing industry's growing alarm

THE HOUSE-BUILDING indus-

strenuous denials to the con- dies has quickly changed," he thing brought out into the year. trary, Ministers bave lost their said. commitment to retain tax relief on mortgage interest and that, by refusing to review the curcondoning phased removal.

The house builders are alarmed at the prospect of the end of system which they say has played a vital role in the extension of bome ownership. They believe the Government has accepted the arguments put forward by the Treasury and supported by other political parties and housing pressure groups. There are also fears that what tax relief remains could soon be limited to the standard rate.

Mr Ruger Humber, director of the House-Builders Federation, says that industry no longer believes Ministerial commitments to keeping mortgage tax relief, despite Mrs Thatcher's previously firm stand on its retention and the most recent public assurances given by Sir Geoffrey Howe, Chancellor of the Exchequer, and other Treasury Ministers.

"There has been a highly down of the public sector. try is becoming increasingly orchestrated campaign on the convinced that the Government part of those who want to see of the Conservative Party are

"The Government makes strong statements in defence of that the present £25,000 want to see some action which rent £25,000 ceiling, they are but consistently refuses to take be reviewed every year, has relief on home loans," Mr condoning phased removal. any supportive action. remained unchanged since 1974. Humber says. any supportive action.

> in supporting and stimulating the private housing market, they say.
>
> market however, may possible private housing market, they say.
>
> which is supposedly intended "We are clearly moving to out that in high house price to fill the gap left by the run- a Treasury position in which areas such as London the aver-

their lowest level for 20

years in relation to average

earnings, but will rise sub-

stantially in the next two

years, an estate agency re-

ing director at Savilles estata agency, said the present ratio

of house prices to average earnings was so low that "a

Mr Richard Field, market-

port suggested yesterday.

"We believe that large parts relief is eroded away. is now prepared to see the a lower priority given to owner- completely unaware of this new phased withdrawl of mortgage occupation, to the extent that situation and we feel it is time have to be between £52,000 and the conventional wisdom on the that Ministers were forced off £53,000, which would cost the The fear is that, despite subject of private-sector subsi- the fence. We want the whole Exchequer £75m-£100m in a full

turnity to raise the threshold,

people will be able to afford to huy a new house."

In 1956 the average house price was £2,230 and average annual earnings were £697.

he said. This ratio has varied

between three and four to one for the past 30 years. By 1970 the ratio was

three-and-a-quarter to one

but it then dropped gradually to the end of 1981 when the

the real value of the available age morigage on a new home is now nearly £23,000.

"To restore the 1974 position, the tax-relief ceiling would now

"But we are not asking for The house builders point out a full restoration and merely the mortgage tax relief principle ceiling for relief, which has to upholds the principle of tax

"The whole climate of The present Covernment has, The bouse builders are not opinion has changed and the despite its readiness to index suggesting that, at present, the Government has done nothing all kinds of allowances in other steady erosion in value of the back for the growth of home to defend the role of tax relief areas, ignored every opporexisting relief levels is having ownership. an impact on the housing market. However, they point

cost just over three times average earnings of £7,800 a

"Assuming the historic pattern is maintained, the present ratio of just above

three should be the bottom

of the cycle and we can ex-pect a rise to somewhere

about the 3.5 level over the

next two years," Mr. Field said.

### eventual removal. House prices down in ratio to earnings

There are long-standing objections to extending tax benefits to the owner-occupier which regarded as the most privileged tenure. The existence of such a subsidy, it is argued, helps fuel bouse-price inflation and over-consumption of housing in the private sector.

any difficulties for borrowers

### June 7-11 ...

June 14-18 .... June 16-17 .... They claim that in parts of the South-East the tax relief position is preventing some June 23-26 ... people from getting on to the housing ladder.

The industry is extremely concerned about the longer June 30-July 1 term implications of a phasing out of tax relief, which they would expect to be reduced to an irrelevance within 10 to 15 years. They claim its removal would represent a severe set ownership.

The Labour Party is opposed to the retention of mortgage tax relief and the SDP also appears to be in favour of its

Opponents of tax relief believe that gradually allowing its value to wither would not distort prices in the housing market and would not create

### BUSINESSMAN'S DIARY UK TRADE FAIRS AND EXHIBITIONS

į	T-4.	Title	AGGRE
	Date Current	"Title "Times" and "Sunday Times" Business to Business Exhibition (01-729 0677) (until	
	June 7-11	June 9)	
	June 10-12	Symposium (01-940 34(1)	Ardingty
	June 13-17	Self-Service Display Equipment and Suspensions	CHYADURE
	June 14-18	Business Efficiency Exhibition (01-405-0233)	THE TRUM IN
	June 21-24 June 21-27	Royal Highland Show (031-333 2444) International Food, Wine and Kitchen Exhibition (06284 2442)	TIRITY OF ST
	June 23-26	Tatomational Richertes, Processing and married	Bingley Ha
	June 28-July 1	Equipment Exhibition—CATCH (0378 77900)	Aberdeen
	June 30-July 1	(02432 5537)	Olympia
l	July 24	and Conference—TEMPCON (0822 4671)	Wembley C
1	July 68	Trades and Leisure (0273 68738)	Brighton C Bristol Exh
	July 8-11	North London Home Improvement Exhibition	Alexandra 1

CCCOURSE howground, Edby all, Bármingham

### OVERSEAS TRADE FAIRS AND EXHIBITIONS

ı	Current	International Fair for Printing and Paper Fair	
1	CHILDRE	DRUPA (01-409 0956) (until June 17)	Dusseldorf
i	Current	International Electrical Exhibition and Congress—	
1	Carrent	INTELECT (01-222 0466) (until June 9)	Cairo
l	June 7-13		
	anne 1-12	(Athens 32.31.973)	Piraeus .
ļ	June 10-15	International Agricultural Animal Husbandry and	
Į	AUTIG 10-19	Horticultural Exhibition and Conference	
		ELMIA-LANTBRUK (0732 850457)	Jonkoping
			O CHAOP
	June 13-18	International Medical Laboratory Exhibition	Amsterdam
		(01-486 8730)	Amsterdam
	June 15-19	International Dairy Equipment Exhibition (01439	-
		(3964)	Paris
ı	June 16-20	International Collectors Fair—ISA (01-236 0911)	Stuttgart .
İ	Trong 21-30	International Exhibition of Instruments and Equap-	;
	Pair aried ithemse	ment for Cardiovascular Treatment and Cardio-	
		Surgury-CARDIOLOGY 82 (01-235 2423)	Moscow
l	· · · ·	International Port Technology Exhibition —	
Ì	June 22-26	International Loss steel	Singapore
		PORTECH (08833 6155)	New York
ı	June 28-30	Videotex Exhibition (09274 28211)	HCM LULK
l	June 29-July 1	Temperature and Transducer. Conference and	
I	_	Exhibition - SENSORS AND SYSTEMS	
		(02802 5226)	Houston
ı	Jnly 1-3	Electrical Engineering Fair—ELTEC (01-486 1951)	Munich
l	July 7-13	International Audio Visual Exhibition-AUVI	
l		AND THE PERMY	Singapore
l	Turbu 01 Aires 0 1	Thombone Toda Dave (0902 739649)	Hamburg
	and ar wife 2	Hamburg Trade Days (0202 732648)	

- Dosseldorf
Cairo
Piracus
Jonkoping
Amsterdam
Paris Stuttgart
Moscow
Singapore New York
Houston Munich
Sinemore

### Women's relative earnings 'show little progress'

LITTLE PROGRESS bas been stopped rising in 1977, he said. made in the growth of women's "This can be attributed to the earnings relative to those of slowdown of movement towards men since 1977. Mr Christopher Johnson, group economic adviser to Lloyds Bank, said

bank's June economic bulletin, said that although the 1975 Equal Pay and Sex Discrimina-tion Acts brought some im-cent of men's. After allowing provement in the relative for shorter women's hours, their earnings and some reduction in job segretion in the two years after they were enacted, there

had been little progress since. Furthermore, the number of

equal pay and to the rise in unemployment." Two-fifths of the UK workforce are women, about 40 per cent of whom are Mr Johnson, writing in the part-timers compared with 5 per cent of male employers.

Women's full-time hourly weekly rates were 65 per cent of men's.

One way of reducing unemployment, Mr Johnson said. would be to make it easier for women in the workforce had men to take part-time work.

### £34m boost urged to reverse decline in students from abroad

BY MICHAEL DIXON, EDUCATION CORRESPONDEN

A £15m RISE in public spend- scholarships ing was urged by the Overseas students. Students' Trust yesterday to repair what it claims is damage to British economic and political interests caused by the Government's steep increases in tuition fees for most students from abroad.

The trust-a charity formed in 1961 by a group of big British companies—also wants £19m a year diverted from present overseas aid and export promotion schemes to pay for

. The combined sum of £84m would pay for an estimated furtherance of our objectives increase of 15,600 in the number of overseas people studying here, largely in degree-level and post-graduate programmes in universities, polytechnics and colleges.

Foreign attendance at these publicly funded institutions has fallen 16 per cent to 60,900 since the fees were raised sharply in 1980. But the £170m saving in public expenditure has been at the expense of losses to British prospects of exports and diplomatic influence, the trust said in a report called A Policy for Overseas Students.

While producing no firm evidence of such losses, the eport said that people dealing directly with the country's overseas customers and contacts mostly agreed that the sudden and almost peremptory fee increase had injured com-mercial and political goodwill. Britain had also suffered educationally by the decline in numbers of academically able

foreigners engaged in research here and adding an international dimeosion to the higher education of home students. The country now needed to lessen the damage by funding scholarships to attract "present and future research workers and scholars political and economic policy-makers, com-mercial and industrial

managers, development administrators, and specialists."
The awards would be directed to suitable people in nations commercially and diplomatically important to Britain, and in countries to which we had obligations because they were dependent, had strong Commonwealth connections, or

were economically backward.

"The argument is not that
we should return to a high general subsidy and very large numbers but that the new policy of economic fees should be accompanied by a change in the

use of a tiny fraction of the £2.8bn of Covernment money which we use annually for the in trade, aid and diplomacy, the report said.

Scholarships to encourage research would be funded through the Department of Education and Science, those connected with trade and commerce through the Department of Trade, those with a diplo matic and cultural emphasis through the Foreign and Commonwealth Office, and those directed to poor countries through the FCO's Overseas

Development Administration. The awards needed to be accompanied by two other equally important measures. the trust said. The Government should adopt

a positive policy of welcoming overseas students to country and define clearly how their position differed in terms of the right to reside and work here, from the position of people entering for other pur

Ministers should also withfor adjustment, the minimum fees for foreign students now imposed on educational institutions, leaving them free to charge whatever sum would cover the true cost of increasing enrolments on any partiappropriate contribution

overheads.
The National Union of
Students said the trust's proposal to allow colleges to charge their own fee levels for overseas students would "lead to a men-tality in which colleges would be constantly undercutting each other and providing courses with no educational content at

These proposals are pre cisely what we would expect from a business funded body and would do nothing to aid Third World development which was the original purpose of overseas stuent subsidies." Lombard, Page 19

### ifa Royal, W1

	year on (01-242 2481)	Royal Garden Hotel, WS
	Energy Business Centre: Offshore Projects	Cafa Royal, W1
	Weisweiller Adfos: Liffe begins in September (01-	London
June 9-10	FT Conference: World Electronics—the U.S., Japan an deurope: Competition or Collabora-	
	tion? (01-621-1355)	Inter. Continental Hotel, WI
		Brugge
	Kenyan International: European Employment Law- its impact on company practice (0799 24125)	Hilton Hotel, W1
	ESC: The Stock Exchange Listing Requirements— the Yellow Book (057282 2711)	Bowater Conf. Centre, SWI
June 12	The Textile Institute: Narrow Fabrics (061-834-8457)	Derby -
June 14		
*	(01-328 4751)	Cafe Royal, WI
June 14-15	The Economist: Hong Kong—prospect end oppor- tunities (01-839 7000)	Frankfurt
June 15	FT Conference: The Future of Bank Reporting	Grosvenor House Hotel, W1
June 15	Cyril Aydon Associates: Corporation Tax (Banbury 720124)	Ryl. Horseguards Hotel, SW1
June 17-18		
Anyone wishing t	o attend any of the above events is advised to	telephone the organisers to s imblished.

### THE FRENCH ART OF FINE LIVING COMES TO BAGHDAD

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THE FRENCH STYLE OF FINE LIVING IN THE WORLD

### **APPOINTMENTS**

### Chairman at MAIBL

Sir Donald Barron, chairman of Midland Bank, has succeeded Sir David Barran as chairman of SIF DAVID BAITAR 28 CHAITMAN OF MIDLAND AND INTER-NATIONAL BANKS (MAIBL). MAIBL is owned by Midland Bank, The Toronto-Dominion Bank Group, Standarded Chartered Bank and The Commercial Bank of Australia Bank of Australia.

Mr J. C. Whitaker, Prince Geoffrey L. A. Galitzine, Mr M. J. Bennett and Mr J. J. C. Morris have joined the partnership of FIELDING, NEWSON-SMITH AND CO., stockbrokers.

Mr Barrie Brighouse will become chief executive of MALLINSON-DENNY, a Brooke Bond subsidiary, oo July 1. He succeeds Mr R. T. S. Macpherson who will continue as chairman. For four years from 1975 Mr Brighouse was managing director of Branks Basis of Brooke Bond Oxo in the UK-of which he remains chairmanbefore being appointed to the group board in 1979.

Mr John Milln will be retiring as senior partner of E. B. SAVORY, MILLN AND COMPANY, stockbrokers, on September 17 and will be succeeded by Mr Simon Aldridge. Mr Giles Currie will become second partner. Mr Milln will remain a partner until the end of June 1983 and then become an

ALBANY LIFE ASSURANCE bas made the following appointments: Mr Harold Hodes, joint marketing director and bead of agency division (direct sales), will be responsible for identify-ing potential UK and European

marketing director of Albany Life in charge of both agency and broker divisions.

Mr Ronald Morgan, managing director of Ian Wilkams and Company, has been elected president of the NATIONAL FEDERATION OF PAINTING AND DECORATING CONTRAC TORS for 1982-83. The new senior vice-president is Mr John Ferris, and the innior vice-president is Mr John Milne.

Mr L. W. Cole and Mr D. Forrester, both non-executive directors, have retired from the board of BABCOCK INTER-NATIONAL Mr Cole has also retired from the boards of Babcock-Bristol and Diamond Power Specialty.

Mr Ron Hammerton has been appointed managing director of DAVY BAMAG. Mr Hammerton, operations director, takes over from Mr Rolf Clayton, who is joining the Water Research Last year one of its divi-Centre's process engineering laboratory as assistant director.

Dr Bruce F. Rimmer has been appointed manager of the INCO EUROPE precious metal refinery in London. He succeeds Mr S. T. Payne who retired at the end of May.

. Mr Stefan Wasilewski has been appointed a director of BRYANSTON INSURANCE.

Frederick Herbert, head of industrial rela-tions at the GREATER LONDON COUNCIL has been appointed the Council's conacquisitions for Albany Life. troller of mannower. Mr Her-Mr Ivor Hockman, joint bert has been acting controller marketing director and head of since the retirement in January broker division, has become sole of Mr Bertle Wallace.

### **Financial Times Conferences**

London — 12 & 13 July 1982

This important conference, which follows the publication of the Cork Report, takes place in a year, when insolvencies have often been in the news and in fact have become a matter of wider public concern. The conference will look at existing law and practice and at the American system by way of contrast, which has great emphasis on judicial supervision. There will be a review of the Cork Report and the conference will pose the question "Is there a Better Way?"

Under the Chairmanship of Lord Benson, Bank of England and Muir Hunter, QC, the speakers will include Sir Kenneth Cork, Cork Cully and Co.; Mr W. G. Mackey, Ernst and Whinney, Mr S. A. W. Carslake, Barclays Bank plc: Mr R. A. W. Rudd, Rowe Rudd & Co. Ltd.: The Hon Thomas W. Lawless, Bankruptcy Court, Boston; and Mr L. R. Pincott, Stona Platt Industries Ltd. .

THE ECONOMICS OF NATURAL GAS DEVELOPMENT Venice — 21 & 22 June 1982

Venice — 21 & 22 June 1982
The Financial Times is pleased to announce that this major international symposium is to be addressed by Mr Mostafa Kamal El Ayouty, Deputy Chairman, Exploration and Production, Egyptian General Petroleum Corporation (EGPC), who will complement Ir Wijarso, Mr Adrian Lajous Vargas and Dr. Tongchat Hongladaromp in the section of the seminar devoted to developing country perspectives. This Venice meeting to be held just after the IGU meeting in Lausanne has drawn expert speakers from Europe, the United States, South East Asia and Latin America. The meeting is attracting senior bankers, officials, energy company executives, consultants and top management from the equipment sector. The total number of registrations that can be taken for this highly specific and practical meeting is limited. Some places still remain available and the address for registration is given below. address for registration is given below. All enquiries should be addressed to:

The Financial Times Conference Organisation Minster House, Arthur Street, London EC4R 9AX

Telephone: 01-621 1355 Telex: 27347 FT CONFG Cable: FINCONF

### The Future of Bank Reporting Conference LONDON - June 15 1982

Jointly organised by the Financial Times World Accounting Report and Retail Banker International, the conference brings together distinguished representatives of the banking community and regulatory agencies from around the world as well as the authors of a new FT Bank Reporting Survey.

Topics covered during the day will include the current standard of bank reporting worldwide, the merits of a comprehensive disclosure policy, current trends in European bank reporting, self-regulation and the banks of the City of London, the role of the IASC and its proposals for improved bank reporting and the draft EEC bank accounts directive

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HIBITION

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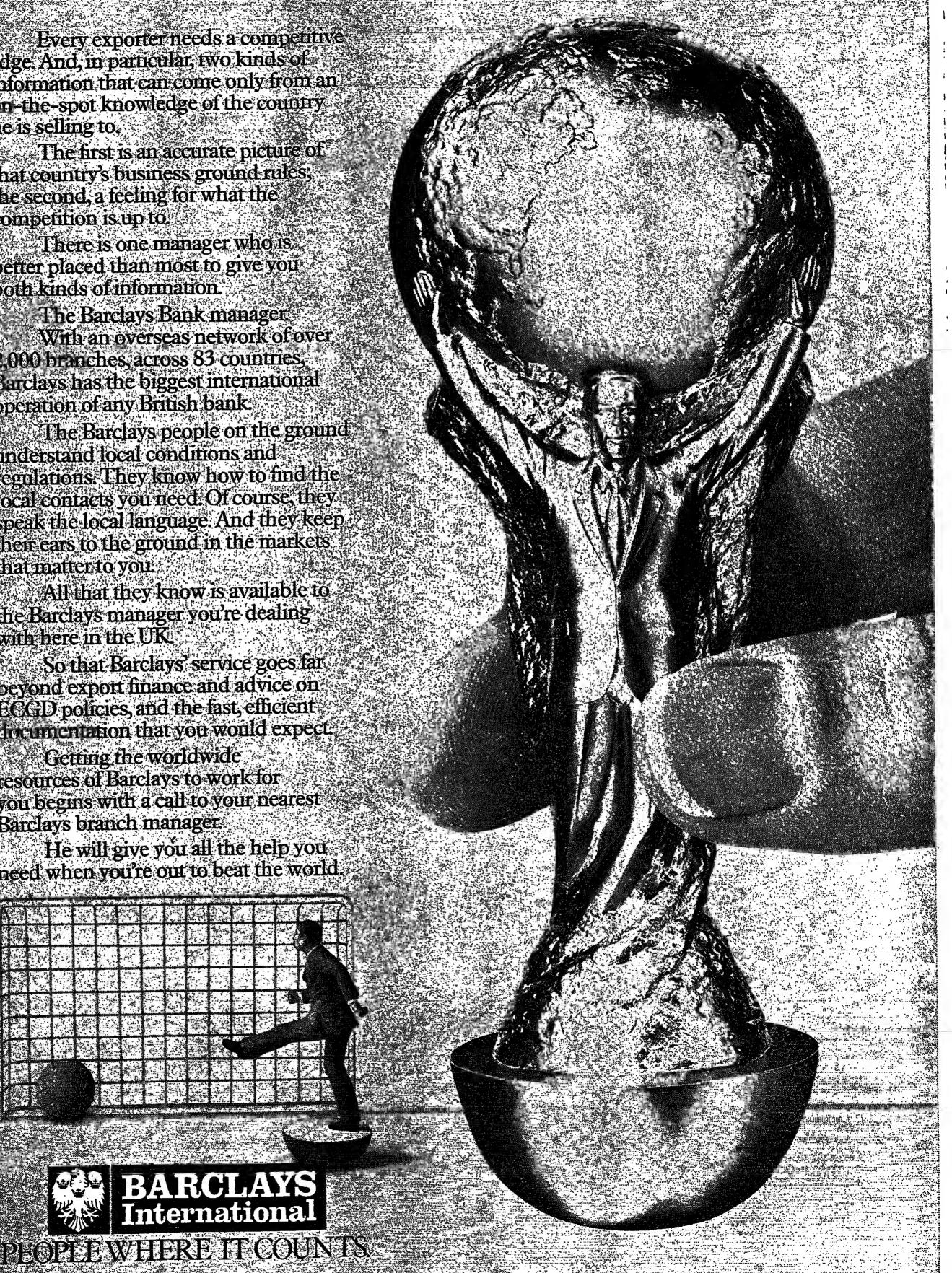
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UK NEWS - LABOUR

Health unions raise

HEALTH SERVICE unions will Fowler. Social Services Secrethis week attempt to exploit the tary, have been narrowed by taotical setback to the Govern- the RCN's 2-1 ballot rejection

ment caused by the Royal Col- of the 6.4 per cent offer. Accept-

lege of Nursing's rejection of ance could have driven a wedge

so far, with sympathy stoppages Mr Fowler is unlikely to and picketing by Yorkshire after his position before a meg-

miners and other workers out- ing with RCN leaders. which

mittee, which meets on Wedness could take place today and that day, may well decide to step tomorrow's scheduled meeting

up its campaign of industrial of the Nurses' and Midwives' action, even if it rejects a plea Whitley Council could turn

Employees for an all-out strike. plans had been made by last

MR ALBERT BOOTH, the but it bad not yet been-invited,

Labour MP steps in on

**British Rail dispute** 

workers.

between nurses and other

Mr Fowler is believed to he

unwilling to put the dispute to

arbitration. This leaves two

options: improving some or all

of the offers; or riding out the

Mr Fowler is unlikely to

may be held this week. The RCN hoped that the meeting

Whitley Council could turn into a negotiating session. No

BR hopes to have avoided the threat of industrial action by the National Union of Railway-men by deferring the closure

of two engineering workshops and the rundown of a third. The NUR executive will discuss it

either today or after a meeting

between British Rail Engineer

Potential disputes are brew.

ing with Aslef, the drivers

union, over flexible rostering, and with all three rail unions

over BR's offer of 5 per cent pay

rises from September, linked to

ing and its unions tomorrow.

industrial action.

pressure over pay

BY BRIAN GROOM AND JOHN LLOYD

a 6.4 per cent pay rise by in-tensifying pressure for their 4

to 6.4 per cent offers to be increased.

strike—the third in the six-week-old dispute—is expected

to be the most widely supported

Tomorrow's 24 hour national

The TUC's health service com-

by the National Union of Public

The options for Mr Norman night.

BY BRIAN GROOM, LABOUR STAFF

Labour Party's transport spokes-

### FT Monthly Survey of Business Opinion

Statistical Material Copyright Taylor Nelson Group Ltd

### **GENERAL OUTLOOK**

### **Business optimism improves**

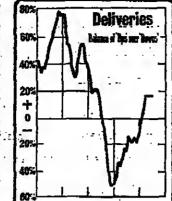
nesses continued to improve electrical engineering and the last month with a clear majority stores group were more of those surveyed during the past four months now more optimistic than they were in

The index showing the balance of optimism over pessimism wavered in April but in May it decisively resumed the upward trend which started last autumn.

The three sectors surveyed last month were electrical engineering, the motor and consumer durables sector and the stores and consumer ser-

optimistic about the general situation than they had been last January. In the electrical group 81 per cent of respondents were more optimistic than they bad been when last surveyed, but in the durables group only a quarter were more optimistic, with two-thirds showing about the same degree of optimism.

The FT monthly business opinion survey is to be discontinued after this month, which is the last in the series to be



1978 1979 1980 1981 1985

#### GENERAL BUSINESS SITUATION

	4 m	onthly	moving t	otzi		Motor &	Stores &
Are you more or less optimistic about your company's prospects than you were four months ago?	Feb May %	an- Apr.	Mar. %	Nov. Feb.	Elect.	C'sume:	Camer Services %
Mare optimistic	. 55	49	50	46	81	26	54
Neutral	31	- 31	30	32	19	. 83	46
Less optimistic	·· 13	. 20	20 -	22	0	- 11	.0

### EXPORT PROSPECTS (Weighted by exports)

	4 m	onthly	moving to	tal		May 198	
Over the next 12 months exports will be	Feb- May %	jan. Apr.	Dec- Mar. %	Nov. Feb.	Elect. Eng'g.	Motor & C'sumer Durables %	Stores & C'sumer Services
Higher	66	81	23	77	~ 75	0	69
Same	- 24	14	. 8	11	25	70	31
Lower	9	5	8	12	. 0	30	0
No anguar	3	- 1	-3	0	0	0	0

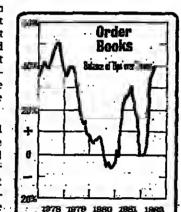
#### ORDERS AND OUTPUT

### Exports look less buoyant

THE IMPROVING trend of recent orders, which bad been evident from the end of last year, was not sustained last month. Both the durables and the consumer groups said that that their order levels were reduced or that they expected the level of their sales over the next four months to fall.

Against this the electrical engineering group was more inclined to say that it expected order books to increase over the next four months than it had been previously. As a result the index representing the balance of optimism about future order books continued

There has been a deteriora- of export prospects, with the would increase.



tion in companies perception

durable group markedly less optimistic on this score. In the electrical engineering group there was increased attention demand, particularly in Europe, was not seen to be very buoyant. There appears to be little change in the level of capacity working, while there is a slight deterioration in the balance of those interviewed in the past four months who expected an increase in the volume of production.

There was also a tendency for firms to believe that the proportion of their output to come from overseas plants

### **NEW ORDERS**

	4 n	nonthly i	noving to	tal		May 1987 Motor &	Stores &
The trend of new orders in the fast four months was ?	Feb. May %	Apr.	Dec- Mar. %	Nov. Feb.	Elect. Eng's	C'sumer Durables %	C'sumer Services %
Up	34.	41.	38	33	58	24	28
Same	32	29	30	39	42	48	14
Down	17	15	18	17	0	26	7 _
No annual	17	14	14	20	. 0	. 0	50

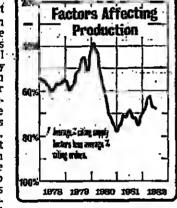
#### to exports, although overseas PRODUCTION/SALES TURNOVER

וונטטענ	DU/OWFED INUMO	FLN.								Labour Party's transport spokes
	· · · · · · · · · · · · · · · · · · ·		4 n	contraly	moving to	otal				man, last night was reported to be trying to arrange a
expecting in the next	production/sales turn- 12 months:		Feb- May %	Apr.	Dec- Mar. %	Nov. Feb.	Elect. Engg.	C'sumer	C'sumer	meeting with unions today to discuss British Rati's impending industrial relations crisis. The meeting could involve
	Rise over 20%		3 .	4	3	3	Ð	. 0.	0	the three rail unions, the
	Rise 15-19%		3 .	1 .	1	3	0 .	26	10	Confederation of Shipbuilding
	Rise 10-14%	· ·	15 .	. 13	10	. 7	19	0	37	and Engineering Unions, Mr
- :	Rise 5-9%		23 ::	25	. 22	21	. 37	. 0 .	21	Len Murray, TUC general secretary, and BR.
	Rise 2.5-4%	<del></del>	22	-25	- 25	23	19	22	0	British Rail said last night it
	Remain the same		21	20	31	37	25	52	14	could make Mr Cliff Rose, board
	Fall 2.5-4%		5	5	6	- 5	0	0	. 0	member for industrial relations, or Sir Peter Parker, chairman.
* * *	Fall 5-9%		6	4.	0	2	0	٥	.18	available if talks could be
•: :	Fall 75% or more		1	1.	1	0.	0	0	. 0	arranged at such short notice.
	. No answer	•	1.	7	. 0	. 0	0	0	0	
	Median		44	4,5	3.7	3.2	5.4	2.4	7.1	Ilmnort in CDD
	expecting in the next	Rise over 20% Rise 15-19% Rise 10-14% Rise 25-4% Remain the same Fall 25-4% Fall 15% or more No answer	Rise over 20%  Rise 15-19%  Rise 10-14%  Rise 5-9%  Rise 25-4%  Remain the same  Fall 25-4%  Fall 5-9%  Fall 75% or more  No answer	### A max	### A monthly  ### A	4 monthly moving to   4 monthly moving to   5 monthly moving to   6 monthly moving to	A monthly moving total   Feb.   Jan.   Dec.   Nov.   May   Apr.   Mar.   Feb.   Feb.   May   Apr.   Mar.   Feb.   May   Apr.   Mar.   Feb.   May   May   Mar.   Feb.   May   May	### A monthly moving total    Feb.   San.   Dec.   Nov.   Elect.	A monthly moving total   May 198   Motor & M	A monthly moving total   May 1982   Motor & Stores & Feb.   Sim.   Dec.   Nov.   Elect.   C'samer C'samer in the next 12 months:   % % % % % % % % % % % % % % % % % %

### CAPACITY AND STOCKS

### No evidence of restocking

THE APRIL survey showed little evidence that firms expect a rebullding of stocks to begin in the near future. All three sectors interviewed were less inclined to expect stocks of all kinds to increase than they had been in January, although the electrical engineering sector showed the same pattern of respouses in respect of the amount of work in progress as had done four months ago. The Index of expectations about stocks has reverted to a position in which it shows that more firms expect a decrease io stocks of manufactured goods than expect an increase. However, for raw materials and components, the number expecting an increase balances



This somewhat depressed to questions about the amount being used by companies.

of assets lying idle and about capacity working.

The index of capacity working has dropped back slightly, mainly because of an Increased tendency of the durables\_group to say that it was working below capacity.

The durables group and the electrical engineering group also showed increased tendencies to say that they had fixed assets not being used, compared with their replies in January. However, not all the idle assets were in the UK. The most frequently mentioned ldle assets picture is reflected in replies were buildings and factories not

### **STOCKS**

Raw materials and components over the next 12 months will:	Feb May %	Jan., Apr.	Dec- Mar.	Nov. Feb.	Elect. Eng'g.	Motor & Csumer Durables %	Stores & C'sumer Services
increase	72.	-27	25	26	· 23	0	28
Remain the same	55	52.	52	_ 53	- 56	63	42
Decrease	22	20	22	19	. 19	37	21
No answer	2	. 1 .	2	. 2	. 2	0	9

monthly moving total

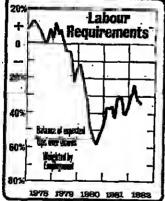
							Motor & Stores &				
Are any of the following factors limiting your output at present ?	Feb May	Jan. Apr.	Dec- Mar. %	Nov.	Elect. Engry.	Caumer	C'sumer				
Home orders/consumer demand	88	88	87	86	70	100	86				
Export orders/consumer demand	58	54	49	50	57	100	46				
. Executive staff	2	1	ī	· 2	0	. 0	14				
Skilled factory staff	4	4	- 6	3	0	. 26	0				
Component supplies	1	2.		2	9	0	Ð				
Raw material supplies/made up goods	4	4	4		0	0	-0				
Production capacity (plant) selling space	5	- 6	6	7 .	0 .	0	3				
Finance facilities	. 0	0			0.	0	0				
Labour disputes in own/supplier organs.	7	. 5	6	4	0	0	14.				
Any other factors	22	16	21	21	19	26	56				
No factors at all	. 3	5	4	8	21	71	0				

### INVESTMENT AND LABOUR

### Depressed level remains

THE INDEX for labour requirements remains at a very depressed level with a balance of about a third of respondents interviewed in the past four months believing they would need to shed rather than take on workers. Although this balance is con-

siderably less bad than it was at the worst of the recession in mid-1980 (when a balance of two-thirds of companies expected to shed labour) the recent trend does not show much evidence of brighter prospects in the labour market. The balance of those expecting fall in requirements has after showing some improved increased quite sharply, on the only a very sement in the second half of 1981. Other hand, after a fall in the it would fall.



April survey. On the index weighted by capital expendi-ture, a balance of more than a quarter of those in the survey are not expecting an increase next year compared with those expecting a decline.

This index has risen sharply from last autumn, when a small balance was still expecting a decline in capital expenditureon the weighted index, although on the unweighted index the balance expecting an increase bas been evident since last summer.

This month all three sectors were more inclined to say that deteriorated from about a The balance expecting an intheir capital expenditure in the
quarter at the turn of the year. crease in capital spending has next 12 months would rise and only a very small minority said

### LABOUR REQUIREMENTS (weighted by employment)

	4 monthly moving total May 198								
	<u>:</u>	Feb	:	Jan Apr.	Dec Mar.	Nov. Feb.	Elect.	Motor & C'sumer Durables	
hose expecting their labour force over se next 12 months to :	:	·%	٠.	%	%	· %	%	Motor &	Stores &
Increase		14		16	. 17	13	1 .	0	25
Stay about the same		39		36	42	45	34	70 ·	33
Decrosse		47		48	. 41	42	65	30	42

### CAPITAL INVESTMENT

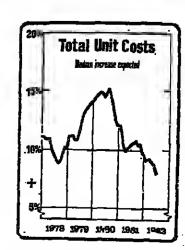
4 11	lonuny i	HOARIS	tora	•	May 198		
Feb- May %	Jan- Apr	Dec- Mar. %	Nov. Feb.	Elect. Eng'g.	C'sumer	C'sumer	
38 .	41	41	34	43	12	31	
12	7	9	11 -	34	39	16	
77	22	20	· 23	22 ·	41	50	
23	.30	29	. 31	1:	9	3	
₽.	. 0	,_	2	- 0	. 0	0.	
	Feb May % 38 12 27 23	Feb. Jan May Apr. % % 38 41 12 7 27 22 23 30	Feb. Jan. Dec. May Apr. Mar. % % % 38 41 41 12 7 9 27 22 20 23 30 29	May         Apr. Mar. Feb. %         Feb. %           38         41         41         34           12         7         9         11           27         22         20         23           23         30         29         31	Feb. Jan. Dec. Nov. Elect. May Apr. Mar. Feb. Eng'g. % % % % % %  38 41 41 34 43  12 7 9 11 34  27 22 20 23 22  23 30 29 31 1	Feb. Jan. Dec. Nov. Elect. C'sumer Eng'g. Durables % % % % % % % % % % % % % % % % % % %	

### COSTS AND PROFIT MARGINS

### Profit increases foreseen

THE QUITE marked improve- improvements in efficiency and meot in the balance of re- elimination of loss makers to spondents which expects an im- begin to show in profit and loss provement in profits next year, accounts. There is also some which was evident in April, hope that customers will accontinued in the May survey.

This increased oplimism



share was evident in all three one reduction in labour forces, companies are covered in turn and Associates.

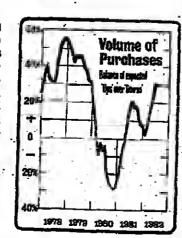
cept price increases, although the index for the expected price increase during the next about profits and earnings per 12 months shows little change

since January. Companies continued to believe on balance that stocks are too high. This percepting strengthened a little in April and may bave influenced expectations about profits.

Probably the main factor. bowever, is lbe continuing downward trend in the average from a sample based on the expectation for the increase in costs per unit of output during the uext 12 months. This has now fallen to about Si per cent compared with expected wage rises af about 8 per cent in the same period.

Times by the Taylor Nelson Group, are based an interviews

With senior exactives. tectors: Firms are expecting. Three secons and some 30 purchased from Taylor Nelson



every month. They are drawn FT Actuaries Index. which accounts for about 60 per cent of all public companies.

The all-industry figures are four-month moving totals covering some 120 companies These surveys, which are in the 11 industrial sectors carried out for the Financal (mechanical engineering is · (mechanical engineering is

surveyed every second month). -. Complete tables can be -

### COSTS

Vages rise by:		May %	Apr.	Mar.	Feb.	Elect. Eng'g.	C'sumer Durables %	C'sumer Services %
·	0-4%	4	3	2 -	. 2	19	0	0
	5-9%	77	81	86	80	77	89	57
	10-14%	18	15	12	16	0	0	43
	Remain the same	0	0	-0	. 0	0	11	0
	. No answer	1	ī	1	.2	4	0	
	. Median	8.0	7.9	7.8	7.9	6.9	7.2	9.4
		4 m	onthly r	noving to	otal		May 1982 Motor &	
nit costs rise by:		Feb. May %	Jan Apr. %	Dec Mar. %	Nov. Feb.	Elect. Eng's.	C'sumer Durables	C'sumer
	0-4%	11	. 8	6	2	4	26	14
	5-9%	46	38	39	40	96	74	64
	10-14%	26	30	- 35	36	0	0	0
	Remain the same	1	2 ·	2	. 3	0	0	3
	Decrease	1	2 ·	2	2	0	0	0
	No answer	75	19	- 16	17	0	_ <del>0</del> _	19
	Median	8.2	8.8	9.1	9.3	7.4	6.6	7.1

4 monthly moving total

### PROFIT MARGINS

	. 4 n	4 monthly moving total					2
Those expecting profit margins over the next 12 months to:	Feb May	Apr.	Dec- Mar.	Nov. Feb.	Elect. Engig.	C'sumer	Stores & C'sumer Services
Improve	66	60	47	46	77	100	32
Remain the same	. 25	28	38	42	- 23	0	51
Contract	7	. 10	14	12	0	0	74
. At				4			17

### Unrest in SDP on Tebbit Bill

arranged at such short notice. productivity measures.

equivocation -THE Social Democratic Party's parliamentary leadership has been oriticised by supporters in the trade unions for not taking a bard enough line against Mr Norman Tebbit's Employment Bill.

The criticism was volced by some members on Saturday at a conference attended by more than 150, which agreed to form an Association of SDP Trade

There was a broad feeling

A majority of the party voted for Mr Tebbit's Bill on its Second .Reading, and all but one abstained on the Third.

### Confrontation is likely, say Civil

Unionists.

that the SDP should not be seen. as a "union-bashing" party, but support was expressed for posals on industrial democracy and union reform.

### Service unions THE GOVERNMENT'S Em

ployment Bill is a "recipe for confrontation." Civil Service unions claim today in a leastet which is being dis-tributed to members of the nine constituents of the Council of Civil Service Unions.

The CCSU leaset part of the TUC's campaign against the Bill, argues that the Bill will not improve industrial relatious, and says: "the Bill contains no positive proposals at all for promoting industrial tion or reducing unemployment."

It analyses the clauses of the Bill which are most likely to affect civil and public service trade unionists,

### Nalgo shift to right

BY PHILIP BASSETT, LABOUR CORRESPONDENT

and Local Government Officers' a high response in its bailots. Association bas swung a little further to the right, following recent elections to the union's. governing national executive committee which say the failure. of many supporters of the recent campaign in the union for affiliation to the Labour

The Nalgo executive, though seen to be to the left of most of the union's 800,000 members, is generally judged in trade union circles to be moderate. Nalgo officials believe recent elections to the executive have increased this tendency.

Ten new executive members for Labour Affiliation Group.

Were elected. Four sitting members were deposed. The poll, at original launch of the Flag. tively low, particularly for seats-

LEADERSHIP of the National Nalgo, which has previously had

The political complexion of this year's executive elections in the union was emphasised not just by the recent unsuccessful ballot on Labour Party affiliatioo, but also by the circulation of lists of preferred candidates. allegedly by the Conservative Trade Unionists association.

Following the rejection of Labour affiliation in a member-ship ballot by 382,577 votes to 49,925, the executive results are an especial blow to the 22 members of last year's Nalgo ... executive who formed the Fight

about 33 per cent, was rela- campaign, four have lost their

### BASE LENDING RATES

A.B.N. Bank 13 %	Robert Fracer
Allied Irish Bank 13 C	Robert Fraser 14 % Grindiays Bank 113 %
American Express Bk. 13 oz.	- CULTURESS MISSON 19 6
Amro Bank 13 %	# Damoros Bank 12.0-
Henry Ansbacher 13 oz	
Arbuthnot Latham 13 %	Hill Samuel
Associates Cap. Corp. 13 %	Hill Samuel \$13 00 C. Hoare & Co. 113 6
Banco de Bilbao 13 %	Hongkong & Shanghai 13 or
RCCT 19 or	AMESDOTTO Trust Tad 14 or
Bank Hapoalim BM 13 02	Knowsley & Co. Ltd 131 6
Dank of freight 13 of	Lloyds Bank 13 %
Bank Leumi (UK) plc 13 of	Mallinhall Limited 13 %
Bank of Cyprus 13 oz	. LOWARD MARKON & Co 14 or
Bank Street Sec. 1.14 14 to	· DUCIANC BANK 12 or
Bank of N.S.W. 13 or	Samuel Montgen . 19 of
Banque Beige Ltd 13 oz	# MULEAU (ALBUTAL) 10 or
Banque du Rhone et de	TIGHTORY AND LIBERTAL SECTION OF THE CA
la Tamise S.A. 1310r	
Darciays Bank 13 or	L o Retson & Co 12 or
Benencial Trust Ltd. 14 or	MOVALITADO CURRENTE FOI
Bremar Holdings I.d. 14 of	E. S. Schwah
Brit Bank of Mid. East 13 of	E. S. Schwab 13 % Slavenburg's Bank 13 %
Brown Shibley 12 of .	Standard Chartered 13 %
Canada Perm't Trust 1316	Standard Chartered 13 % Trade Dev. Bank 13 % Trustee Savings Bank 13 %
Casue Court I Tust 1.44 1710	Trustee Savings Posts 40
Gavendigh Giv Test Table 14 file	TSB Ltd. 13 %
Gayzer Lid. 12 or	United Bank of Francis
Cedar Indigines 12 or	United Bank of Kuwait 13 % Whiteaway Laidlaw 131%
Charterbouse Japhet 13 Choulartona 13 Ch	Williams & Clean
Choulartona 13 00.	Williams & Glyn's 13 0
CUIDAIR SAVINGE 11916	Wintrust Secs. Ltd 13 %
Clydesdale Bank 13 %	Yorkshire Bank 13 %
C. E. Coates 14 %	Members of the Accepting Houses Committee
Comm Bk of Near East 13 %	7-day deposits 10%, 1-month
Consolidated Crediter 19 of	10.25%. Short term £8,000/12
Co-operative Bank *13 of	month 12.6%
COFIDERIAN Sees 12 or	7-day deposits on sums of: under
The Cyprus Popular Bk. 13 %	£10,000 104 %, £10,000 ttp to
Duncan Lawma 19 Re.	£10,000 104%, £10,000 up to £50,000 11%. £50,000 and over
P.2571) Triet 19 A.	7-44.
E.1. 1TUST 12 OF	E Call deposits £1,000 and over
Benton Tweet Tad	10 //
First Nat. Fin. Corp. 1816 First Nat. Secs. Ltd. 1816	Dames of Design Co.
First Nat. Secs: Ltd 1510	Annual Debosits 107.8

ps in on

### FINANCIAL TIMES SURVEY

Monday June 7, 1982

# Satellite Communications

### Vast potential for broadcasting

By MICHAEL DONNE, Aerospace Correspondent

ALTHOUGH the satellite communications industry is still less than 20 years old, it has evolved dramatically and promises even more far-reaching developments in the remaining years of this century.

Much research work was and the ground and with other done in the U.S. through the aircraft in flight.

is now a growing use for them

coming into use in the U.S. in

munications satellitea of various

kinds have been launched. Many

Between now and the end of

this century, it is estimated that the world will need between another 150 and 200 such satellites. When it is borne in mind that such craft can cost up to \$100m each (and in many cases

much more), it can be seen that

the world market is likely to be between \$10bn and \$15bn for

space craft alone.

Requirements

internationally.

1950s, resulting in the launching in 1963 of Syncom, the world's first "synchronous" or transmission of data and there world's first "synchronous" or geo-stationary" satellite (that is, having its orbital speed so in video or tele-conferencing, geared to the earth's own with specialist commercially-rotational speed that it reowned and operated systems mained virtually in one spot over the earth's surface).

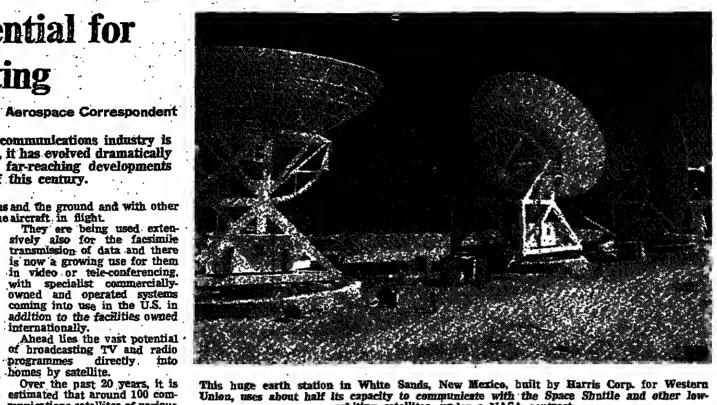
... But the world's first commercial communications satellite
was the tiny Early Bird (or
Intelsat 1), 28 inches in diameter and 23 inches high, launched in 1965. It had capacity for only 240 two-way voice channels, or one TV channel.

By comparison, the latest massive Intelsat VI satellites now under development will have capacity for 33,000 two-way telephone conversations simultaneously and four TV channels, while each satellite will be 39 feet tall and 12 feet in dispeter.

in diameter. Thus, during its brief history, the communications satellite industry has seen remarkable growth, not only in the numbers, size and scope of individual satellites, but also in the range of uses to which they have been, or are being, put.

Although the biggest single function remains telecommunications and TV transmissions over long distances, the roles communications satellites are

already being used to improve mitting and receiving equip-Tinks between ships and the ment that will he needed is shore, and between aircraft also taken into account, the



This huge earth station in White Sands, New Mexico, built by Harris Corp. for Western Union, uses about half its capacity to communicate with the Space Shuttle and other low-orbiting satellites, under a NASA contract

are now defunct, their lives exhausted, although some are still capable of use, while next 20 years is likely to others have been superseded by other, larger and more efficient amount to well over \$30bn.

It is not surprising therefore that it is not only one of the most rapidly developing of all industries but also one of the most intensely competitive. While many of the space craft are funded by governments or other authorities, the market for satellites from the com-mercial business sector itself is widening. This is likely to develop further as educational and broadcasting bodies climb into the field th ough direct satellite broadcast og.

If the value of the "ground segment"—that is, all the addi-The business has already spawned a vast range of organitional earth stations and transsations, devoted in one way or another to the design, research. rival satellite launcher to development, manufacture and the Americans' conventional

value of the entire communica- operation of communications rocket launching systems and tions satellite business over the satellites for the ever-growing now also to the Shuttle itself.

> On the research, development and launching side of the business, the giant U.S. National Aeronautics and Space Administration is responsible for a wide range of satellite launching activities. Its latest venture is the manned re-usable Space Shuttle transport system, designed, among other things, to provide a new system for launching satellites through the 1980s and beyond.

> In Western Europe, the European Space Agency is also developing various communications satellite systems. It bas already developed through the · 1970s the big Ariane rocket, the rival satellite launcher to

Specialist bodies have been set up to develop, launch and operate communications satel-lites. The International Tele-sentative on both the Intelsat communications Satellite Organisation (Intelsat) is responsible for the global TV satellite communications system.

The Intelsat organisation now has more than 100 membercountries, and is served by over 250 earth stations in 135 ing its latest series of 9 Intelsat a stake, along with IBM and V satellites, to be followed by Aema Life and Casualty, in

The satellite communications industry is not only one of the most rapidly developing of all industries, but also one of the most intensely competitive. Its business value over the next 20 years is likely to amount to well over \$30bn.

VAs.
Each Intelsat V has capacity for 12.000 simultaneous tele- private clients). phone calls plus two colour TV channels. This is about double the capacity of the Intelsat IVAs, their predecessor. Four of the new Intelsat Vs will also have maritime communications capacity for use hy the growing Inmarsat organisa-The higger Intelsat VAs will each have capacity for about 15,000 circuits, and will be launched in 1984-96.

Beyond that, Intelsat is planning the giant Series VI satellites, each with a massive 33.000 circuits capability. These will carry the burden of the world's growing demand for telecommunications—which is doubling every three years— well into the 1990s.

The Inmarsat organisation, set up in mid-1979, is responsible for defining, procuring and managing the world-wide maritime communications satellite system, which will make use pean satellites, but also the U.S. Marisat system and those Intelsat Vs with maritime Intelsat payloads.

The biggest private commercial company on the operaside communications satellite business is the U.S. Communications Satellite Corporation, the U.S. and Inmarsat organisations, organisation (Intelsat) is with a 23 per cent investment in responsible for the global TV and telephone satellite system. Another body, the International Maritime Satellite Organisation (Inmarsat), is responsible for the more recently-developed ship-to-shore satellite communications system. companies, such as Hughes Aircraft in the U.S. and British

Aerospace Dynamics Group. The subsidiaries of the Communications Satellite Corpora-tion include Comsat General are currently in production. countries. It is presently lanneb- Corporation (which in turn has

three higher-capacity Intelsat Satellite Business Systems, now VAs. operational in the U.S. for data

Another subsidiary is more recent Satellite Television Corporation, which is planning an extensive direct broadcasting satellite system in the U.S., using four satellites with two more as back-up. This U.S. DBS system will entail an investment of over \$1bn and support between 15,000 and 23,000 jobs. It is estimated that eventual DBS markets and ex-port opportunities will be worth more than \$10bn to the U.S. by the end of this decade.

#### Waveband

In June 1983 the Region 2 Administrative Radio Con- has been pushed ahead on the ference (RARC-83) will convene Ariane rocket launcher, which in Geneva, to draw up a frequency allotment to individual countries in the 12 geigahertz communications satellites. (12.2 to 12.7) waveband for all direct broadcast satellite services in the Western Hemi-

Each country will have to submit its detailed plans for satellite broadcasting requirements by the end of next month. The imminence of the meeting accounts for the growing emphasis now being placed on DBS in many countries.

On the manufacturing side of the business, there are now many companies involved either directly on satellite design, development and construction, or on the provision of specialist electronic systems for incorporation in those spacecraft.

In the U.S., Hughes Aircraft Company, through its Space and Communications Group, was the great pioneer of satellites in the West, building Syncom in 1963 and Early Bird in 1965. It bas launched more than 40 other communications satellites

In the UK, the Dynamics of five ECS satellites to meet CONTINUED ON NEXT PAGE

research efforts intensify ...II The satellite industry: why the U.S. is way out in front ... III

Ever-expanding role for Space Shuttle missions ......III Developments in business communication facili-

CONTENTS

ties ......IV How remote sensing devices monitor

Group of British Aerospace ha became a major force in this It has a \$100m share of the \$700m of work heing done for Intelsat on the massive new Intelsat VI series of five satellites, for which Hughes Aircraft is the prime contractor.

In Western Europe, the emphasis on the development of communications satellites is through the European Space Agency, the multi-national body set up in 1975 to provide a central co-ordinating point for the ideas that were being canvassed for satellite programmes and for rocket launchers and scientific program-mes of various kinds in space. As a result of its efforts, work is now operational and on a wide range of scientific and

European tele communications satellite activities began in 1971 with an evaluation of a potential European regiona system. The Orbital Test Satellite was developed and launched in 1978 to demon-strate the performance and reliability of the equipment and to provide an experimental traffic capacity of 3,000 telephone circuits and two TV

The OTS and its equipment bave proved satisfactory and the spacecraft has already provided a clear demonstration of Europe's advanced capabilities in the field of space communications. It has served as the basis for the design of the Communications European Satellite, which is now being undertaken by a ten-nation European consortium, headed by British Aerospace Dynamics Group, with a launch aboard the European Arlane rocket planned for this summer. The European Space Agency



### The complete communications technology company

THOMSON-CSF, the French-based electronics; company with a turnover of \$ 4.36 billion 1981 generated by 82,500 emplovees, is tackling the revolution in communi-

cations technology on every front. The company, with 48% of its sales outside France, is continuing to consolidate its reputation as a global leader, in every industrial and government electronics. These include avionics, air-traffic control systems, medical operations and telecommunications. THOMSON-CSFs telecommunications activities account for

38% of the company's

revenue and include

transmission, switch-

ing, data processing and key main components. Consequently, it is one of the world's few companies to possess the wide range of expertise essential to the development of major communications sys-

tems carrying voice, image, data and telex traffic over radio, microwave, conventional and optical-fiber cable and satellite links.

In the area of satellite communications, in particular, THOMSON-

CSF designs and builds integrated telecommunications systems and their component parts including satellite payloads, earth stations, a wide range of equipment, tubes, dataprocessing systems and control systems.

THOMSON-CSF performs project design work, including site surveys, technical, financial and administrative studies and related tasks.

The company also designs and builds tumkey systems and

trains the necessary operating personnel. Lastly, it is active in technology transfer and helps set up manufacturing facilities in foreign countries.



THOMSON-CSF 23, rue de Courcelles / B.P. 96-08 / 75362 Paris Cedex 08 / France

TeL: (1) 563 12.12

#### **AEG-TELEFUNKEN Telecommunications** The New Generation of Satellite Earth Stations in the 14/11 GHz Frequency Range An earth station - one of the essential Transmit equipment with baseband For more informations please contact parts in a satellite communication equipment for multiplex telephony. AEG-TELEFUNKEN system - transmits high power RF signals and relevision, modulators. Telecommunications Ltd. to the satellite while simultaneously epopityerters and power amplifiers. Space Communication Systems receiving very low power RF stands from Gerberstraße 33. the satellite. The communications For space programs AEG-TELEFUNKEN D-7150 Sacknang equipment of a typical earth station Telecommunications performs such Telephone (0.7191) 13-1. consists of the following subsystems: tasks as: Telex 724406-0 Antenna with reflector, feed system System definition and tracking equipment, serve control Development. and drive system and antenna pedestal Project management Receive equipment with low-noise System management preampiliers downcooveners. demodulators and baseband equipment for multiplex telephony and Earth Station Usingen 1 The first satellite earth station in the 14/11 GHz frequency range with an antenna diameter of 18.3 m (see figure) for the Deutsche Bundespost (German PTT) was constructed by AEG-TELEFUNKEN. Telecommunications, It is located on the ground of the short wave transmit station Usingen near Frankfurt/Main. After participation in a test program with the Osbital Test Satellite (OTS) carried out by ESA and European PTTs the earth station is used for commercial communication transmission within the INTELSAT V system since July 1981

### Peter Marsh examines the increase in international collaboration

### Research efforts intensify

influence of John Kennedy, the former U.S. president, they might well relate a statement he made in 1961. He invited the nations of the world "to participate in a communication satellite system in the interest of world peace and closer brotherhood among people throughout the world."

Kennedy's sentiments struck a chord. In 1964, Intelsat—the International Telecommunications Satellite Organisation was formed. The system was owned jointly by the member countries, their stake in the organisation varying according to the amount of telecommunications traffic they handled.

Today, Intelsat-in which 106 nations have a shareholdingremains one of the better examples of international cooperation. With its beadquarters in Washington DC, it runs a network of 15 satellites in geostationary orbit that channel telecommunications between continents.

From the ontset, Intelsat reflected the idea that it would be absurd for individual countries to put into orbit satellites for international phone calls for their own use alone. Such systems would not be economic.

Intelsat's first satellite went into orbit on June 28, 1965. Called Early Bird, it hovered 36,000 km above the Atlantic Ocean and relayed telephone traffic between the nations of Europe and North America and it could carry up to 240 tele-phone calls at a time. To provide a world coverage, Intelsat nowadays operates satellites stationed above the Indian and Pacific areas as well.

In 1979, Intelsat offered total of some 16m voice circuits, 10m of them ronted through its astellites above the Atlantic Ocean, 4m involving Indian Ocean craft, and the rest channelled via satellites above the Pacific.

The spacecraft launched by Intelsat have, over the years, handled greater numbers of telephone calls. This is a reflection of advances both in the design of the satellites them-selves and in the transmission techniques with which engineers code telephone calls and beam them through space from ground stations to the space

Intelsat V, the latest genera-tion of Intelsat craft, can route the equivalent of 12,000 telephone calls plus two TV pic-tures. Intelsat VI, the next series on which the international organisation is working that should enter crbit in 1986, should have twice the capacity. As a result of the advances in technology, the charges levied by Intelsat on its member

the needs of the system over

a ten-year period.
The ECS system will provide

international trunk telephone

circuits to complement the

earth-based networks of the

member countries of the European Conference on Posts and

Telecommunications (CEPT). It will also provide a means

of exchanging TV programmes between the member organisa-

tions of the European Broad-

The system, which will be

recognised

run by Eutelsat, an organi-sation set up by the administra-

telecommunications authorities

of the member-countries of the CEPT, may also be used to

provide services such as addi-

tional TV relay data transmis-

sions, communications to offshore oil or gas rigs or high-speed data transmissions

between small earth terminals.

will consist initially of 15

stations. The space segment

will comprise two ECS satellites

in orbit, one operational and the

other in reserve, as well as the

necessary ground facilities for

In addition to the ECS, the European communications

satellite scene is currently

dominated by two other major

ventures—the Marecs maritime

communications satellite, to pro-

vide reliable long-distance radio

links btween ships at sea and

the shore, and the L-Sat (or

The need for the Marecs

satellite system stems from the

fact that about 93 per cent of

all the messages between ships

and the shore are sent in Morse

Code and only 7 per cent by

radio telephone. Because of

radio-wave propagation prob-

lems, the quality of those com-

munications can be very bad

and sometimes it is impossible

Marecs A and B (Maritime

European Communications

Satellites) are designed to

correct this situation. Marces A

is already operational over the Atlantic, and Marecs B is dne

to be launched soon to cover the

The L-Sat (or Large Satellite)

programme has two major objectives. The first is to

develop and demonstrate in

orbit a large, multi-purpose plat-

form for extensive TV broad-

to establish any link.

Large Satellite) programme.

satellite control.

The earth segment of the ECS

casting Union.

PEOPLE recall the countries for using the system and the UK at a cut-price rate so of John Kennedy, the have plummetted by a factor of would prohably not win the U.S. president, they one-sixth between 1965 and backing of these nations' governments which are record the

With funds provided by its shareholders, Intelsat maintains an imaginative programme of

The projects include an investigation into the possibility directly linking satellites. Such links should become feasible in the late 1980s.

With the innovation, two satellites in geostationary orbit above, say, the Atlantic and Indian areas could beam telephone calls (or streams of data that emanate from computers) to each other. There would be no need first to channel the signal to a ground station on an intervening land mass.

#### Efficiency

The feature would help Intelsat route its intercontinental telephone traffic more efficiently
without the noticeable signal delays that appear when calls are "bounced" via two satellites with a ground station in

Intelsat is the granddaddy of international satellite consortia; not surprisingly, there is no shortage of imitators. Interestingly, all the nations that sign organisation's charter promise not to promote other bodies that will harm Intelsat's commercial standing. Hence a privately backed company, that for instance, seeks to channel telephone calls between the U.S.

ernments, which are among the best established supporters of

Nonetheless, other international groups have emerged that, in Intelsat's estimation, will not harm its business prospects and which have therefore been backed by governments.

Probably the most important is Eutelsat, a consortium of governmental telecommunications organisations in Western Europe which will operate a series of five satellites, the first from next year.

The spacecraft should make it easier, and less costly, to make phone calls from, say, the UK to Germany. A similar system is to be run by Arabsat, a network of Arab nations that hopes to launch its first satellite in

Another international consortium—called Inmarsat—formally started business in February. This body will relay telephone calls between ships and shore bases using a number of satel-

Such international groups do not operate totally independently. For instance, Inmarsat which is based in London and has 26 member states, will lease transponders on several Intelsat satellites for its own use. The organisation is also heavily dependent on yet another international body for the satellites which it will use exclusively.

. This body is the European



Mr Alasdair Milne, managing director, BBC TV, with Mr Bill Cotton, director of de-velopment, BBC TV, with prototypes of direct broadcast satellites (DBS) receiving

European developments

systems for the longer-term

programme is again the Dynamics Group of British

Aerospace, and the first launch

is planned for 1986, either aboard the Ariane rocket or the

The European satellie programme would not be complete

without the Ariane, the conven-

and other countries need not be

Despite some initial technical

now fully operational. An exten-

sive series of launches is plan-

ned in the years immediately

U.S. Space Shuttle.

The prime contractor in this

CONTINUED FROM PREVIOUS PAGE

antennae. The era of DBS is on the

way and is potentially a highly Incrative aspect of all satellite development. Among the problems, however, is the allocation of frequencies. which is a matter for govern-

national partnerships of the past decade. The agency formally started up only in 1975 and has an annual budget of around £400m, contributed by 11 Western European nations in

varying proportions. Of the biggest spenders, West Germany and France pay about a quarter each, Britain contributes a sixth while Italy coughs up about 10 ESA conducts scientific re-

search (studies of the atmosphere and of other planets and so on) and also finances projects that emphasise the application of space.

Of the latter, satellites are important. In 1978, the agency launched a test satellite called OTS that was to be the pre-cursor of two satellites fer Immarsat's use called Marecs-A and Marecs-B.

The first of these craft was launched successfully by ESA's Ariane rocket in December last year; the second should follow in September.

#### Eutelsat

With the Marecs craft, ESA takes the risk of developing and launching the vehicles; afterwards, inmarsat leases transponders on the satellite for a fee.

A similar arrangement will be followed with the satellites for Eutelsat which, once again, the space agency will develop and launch and then lease out to the second organisation.

In the U.S., NASA has developed scientific satellites and prototype communications craft. But another organisation Comsat, has been involved most closely in running operational satellite services for com-

This body is responsible for channelling the U.S.'s land-based telecommunications traffic to the Intelsat system. It also helps to run some of the satellites in the U.S.'s domestic communications services.

Within Europe, not all ventures in the area of communications satellites have involved the European Space Agency. France and West Germany launched in the early 1970s two Symphonic craft which handled communications traffic on an experimental basis only. France will lannch in the mid-1930s two Telecom satellites that will channel phone calls between different parts of France and its former colonies overseas, French Guiana in South America for instance.

### Consortium

In Britain, meanwhile, a consortium formed by British Telecom, British Aerospace and GEC-Marconi will launch a satellite in 1984 or 1985 for relaying data and telephone traffic from business users in Britain to their counterparts in continental Europe.

The craft launched by the consortium, to be called United Satellites, will also broadcast TV programmes directly from outer space to British homes equipped with the correct receiving equipment.

United Satellites is just one example of the groups of companies : that have joined forces to develop and sell satellite communications. These commercial organisations often have their roots in different

British Aerospace and the French firm Matra collaborate in a partnership called Satcom International that is trying to sell communications satellites to governments of Third World countries in particular. The satellites are themselves based on the design that the two com-panies developed for the European Space Agency for the use of Eutelsat.

British Aerospace is also a leading partner in the MESH consortium that built the OTS satellite for ESA; the other partners include Matra and ERNO of West Germany.

Just to emphasise that the waters of the Atlantic present no barrier to collaboration in space projects, British Aerospace has joined forces with Hughes Aircraft Company of the U.S. In this partnership the British company is playing a relatively small role in a contract won by Hughes to provide up to 16 Intelsat VI craft in the late-1980s at an eventual cost of £800m, the biggest satellite deal in history.

of New Scientist.

### Payloads

Many of the payloads scheduled will be communications satellites. These will include: the Marccs B maritime communications satellite; the European Communications Satellites (ECS-1 to 4); three Intel-sat V satellites; Telecom-1A and 1B French communications satellites; TDF, a French TV satellite; and TV-Sat, a German satellite.

Progressively through the 1980s, the aim is to enlarge the capabilities of the Ariane to put increasingly large pay loads into orbit, leading up to Ariane 5, available from 1990, which would be capable of putting np. to 10,000 kilogramme payloads into low circular orbits of 200 kilometres altitude, or payloads of 5,500 kilogrammes into higher orbits, whilst also reducing the launch costs per kilogramme of payload.

The Ariane programme, although initiated by the European Space Agency, is now the responsibility of Arianespace, a commercial company set up to manufacture, finance, market and launch the rockets. Arianespace's shareholders include 36 leading European space manufacturers, 11 European banks and the French Centre National d'Etudes Spatiales (CNES), which holds 34 per

cent of the shares. For beyond the 1990s, many different new concepts are

casting. The second is to help being studied both in the U.S. the definition and development and Europe. of new types of communications One idea is for a series of One idea is for a series of

large permanent, space bases, These could be either manned or unmanned but they would contain their own control and power sources. Effectively they would be permanent telecommunications stations in space, but they would be usable for other space research purposes. A concept for interconnecting groups of satellites, using microwave or laser transmis-sions for inter-satellite links is

tional rocket-type launch vehicle developed to easure that Europe also being investigated. . There is a significant defence entirely dependent on U.S. launching facilities. interest in the communications satellite industry. The precise number of such satellites speciproblems the Ariane rocket is fically launched for defence purposes is not known because both the U.S. and the Soviet

> of such satellites, do not publicise launches. Military satellites are used not only for the direct transmission of military information by voice or data facsimile between headquarters and commanders in the field, but also for various "spy in the sky" activities, such as photograph-ing enemy installations from great heights and giving im-pending warning of approach-

Union, the two principal users

Although the possibilities of using satellites for directly hostile purposes, such as carrying laser weapons, is outside the scope of this survey, it is a use which cannot be discounted in Peter Marsh is Industry Editor the future.

ing hostile aircraft or missiles.

### SATELLITE BROADCASTING IN WESTERN EUROPE

This 80-page April 1982 major Report of the International Institute of Communications provides a complete current analysis of the plans for satellite broadcasting in seven countries of Western Europe. It investigates current satellite policies and plans, regulatory frameworks; tariffs and costs, and coverage areas. Special sections survey international law concerning satellites and the national legal situation in France, Federal Republic of Germany, Sweden, Switzerland and the UK.

The Report has been prepared by Joanna Spicer and John Howkins of the International Institute of Communications and Neville Hunnings, Editor Common Market Law Reports.

Price £100 per copy includes air mail postage.

Order from the International Institute of Comm Tavistock House East London WCIH 9LG, England Telephone 01-388 0671 Telex 24578 (ICLDN G mercial satellite production.

giants in the business, but either

Nippon Electric and Mitsubishi

tially more lugrative business of

are concerned, the industry is

substantially an American one. A technological lead, a domestic land mass suited to the satellite's

essentially long distance attri-butes, high military and space spending have combined to take the U.S. out of the era of

research and into that of com-mercial application far earlier than the contending industries

of Europe and Japan, Canada

American influence showed

through in the award in April thia year of the contract for Intelsat VI, worth £350m for the

first five digital communications

satellites—but because the series may extend to another 11 a potential \$1bn.

Intelsat, owned by 106 tele-communications authorities, of

which the U.S. and the UK are

the largest shareholders, gave

the contract to Hughes in com-

petition with Ford Aerospace.

Hughes has already built the

majority of the Intelsat senies,

although Ford won Intelsat V.

- As prime contractor, Hughes takes the lion's share, but British Aerospace is the major

subcontractor for the cradle

carrying the satellite in the

space shuttle and for electronic

Down the line, Spar Aero-

space of Canada, France's

Thomson-CSE, Selema of Italy.

Nippon Electric of Japan, and

West Germany's Messerschmitt-

Bölkow-Blohm, also share in

the consortium spoils. Each

has its specialities, but none

has the capability to compete

with Hughes and Ford, nor

without subsidy, can offer the same price-competitiveness on

- The European Space Agency

in its report Space Activities in

the Eighties, published last year is frank: "One must accept that Europe cannot

become fully competitive in the

and power units.

large vehicles.

Intelsat

ground stations.

and India

מבונה לי ניתית

THE RICLER S

install the appropriate earth station-as a total

private, and local community networks.

Why the U.S. is way out in front THE MYTHOLOGY of the satel- full range of space applications Hence the major U.S. producers participanta would specialise— Marltime Consultative Organisa-

space make a profit out of com- an acceptable level of com- Though the UK bad launched lites; Germany in the Spacelab nercial satellite production. Petitiveness in at least a selection the first-ever defence satellite, in a joint venture with NASA; There are other profitable tive number of areas where Skynet, lack of investment and the UK in the development of the develop space make a profit out of com- an acceptable level of comeffort must be concentrated at lack of extended military and a maritime satellite system. like Lockheed and TRW, their strengths are in defence conthe R and D level."

tracting in the U.S. and com-1977 turnover of \$209m, roughly the creation of the European has made Matra prime consultation of the European has made Matra prime constellite contracts on which pean Space Research Organisation and the European launcher The UK pays about one-third ponent : manufacture, or like of Japan, they bave forged ahead in the lower-risk, less politically-sensitive and potenavailable, but estimates put it 1974. at around \$1bn. Where satellites themselves

starker when national space expenditures are compared. The U.S. spend about 0.2 per cent of its gross national product on commercial ground without the the space effort, Europe about organisational and political will 0.04 per cent. The expenditure to cut the technology gap. powers outside the Soviet Union is about half that of the U.S. through NASA, military and

private sources. In the critical satellite development years — around 1963 when Hughes launched the first NASA-funded synchronousorbit satellite, U.S. space budget boomed along with development yet devised is the U.S. National contracts. In 1959 the total U.S. Aeronantics and Space Administration's Space Souttle — the name given to what is officially rapidly to a peak of 5.89 per described as the Manned Revenue of the space Transport System

cent in 1965. The defence and momentum allowed Hughes, Ford, RCA, Lockheed and TRW to foster their technologies on the back of development con-tracts. In the case of the first sions into near-earth orbit—all two, it enabled them to become dominant in the large-scale spacecraft element of the entire production of as nearly as vehicle, the Orbiter, returned possible a standard spacecraft, safely to earth with its two-man

In the early 1970s, the both before the launches and emphasis of the U.S. space during the orbital flights in each effort moved away from manned case. spaceflight and expandable

The capability to build a the Thiokol Corporation of the string of communications satellites for government allowed the U.S. companies to, amortise development and quality control

ESA is, and bad to be, essenat the national one, the industry bad no chance of getting off the

of Europe, Japan, Canada, India,

The answer even within ESA which provided the payload for satellite, General Electric Brazil, Arabia, Indonesia and had to be co-operative ventures Marces for Inmarsat, part of Toshiba on an experimental and the main space in large-scale projects. The main the London-based International communications satellite.

lite industry has it that only with other countries in the with their longer production France in the Ariane launcher, Hughes Aircraft, Ford Aero space field.

"The aim must be to reach advantage in the market.

France in the Ariane launcher, telecommunications, and more advantage in the market.

the R and D level."

space effort, meant that the In each case the theory was
Hughes Space and Com- European industry went into a that there would be national munications arm alone had a hull until the early 1970s, and spin-off. France, for example,

Hughes current turnover is not Development Organisation in of the financing, some \$210m, of the new European large communications satellite, L-Sat, for The discrepancy becomes fially a research organisation, which BAe is prime contractor, tarker when national space Both on the regional level and and will probably pay about onesixth of ESA's remote sensing satellite costs of £240m.

The maritime satellite development has pushed forward the technology of GEC-Marconi,

tion, the first of which was launched last December.

None of this gives the European companies strength at the top end of the market. The European Communications Satellite, based on a BAe platform, has only five transponders. Intelset VI will have 24. It does, however, belp to make BAe competitive in medium-range satellites, though within the protected environment of national and regional

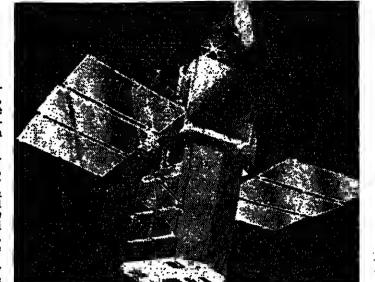
demand. Japan has sought to develop its applications satellite industry by association with U.S. companies on national projects. Mitsubishi collaborates with Ford on experimental telecom-munications satellites, Hughes with Nippon Electric on the geostationary meteorological satellite, General Electric with Toshiba on an experimental

While Japan has probably outstripped Europe's space effort, its strategy is essentially the same—to build on U.S. technology until its industry can stand on its own two feet.

While the Americas' challengers take a longer term view, they operate in an essentially controlled environment, which is still in the research and development phase of the industry. The U.S. has passed from the technologically-driven, government assisted era into the commercial one.

The seed sown by military and space programmes has germinated in the commercial markets with the growth of carriers like American Satellites, Satellite Business Systems, RCA Americom, and Southern Pacific Communications, backed by money from large corporations like AT and T, IBM, and Aetna Life.

Christopher Mansell which blew a ruse snorth



SPACE AGENCY planners have set the Space Shuttle's 11th mission, planned for next year, as the first test of the craft's canability to repair satellites in space. Seen above is an artist's impression of the Solar Maximum satellite, which blew a fuse shortly

is being considered as target for repair

Basically, Shuttle (officially described as the Manned Re-usable Space Transport System) is designed to be a universal

### Ever-expanding role for Shuttle missions

THE MOST satellite-launching development

usable Space Transport System. The product of a development programme lasting more than 10 years and already costing more than \$10bn, the Space Shuttle successful in that the manned crew despite technical hitches both before the launches and

As a result of these performlauncher systems towards appli- ances NASA, is planning a cations technology in telecom- fourth Shuttle mission in July. munications, meteorology, and Although this will be primarily observation, again boosting the for the U.S. Department of satellite industry in areas Defence, it will also carry a much greater size and flexibility where there were strong com-mercial possibilities. small privately sponsored pay-load by the Wasatch division of

spending across a series of tions satellites into orbit, with in diameter, into which a wide spending across a series of the SBSC (the third satellite in the SBSC (the third satellite in the series of private satellites per cent of the cost of building built by Satellite Business a single satellite. If they can be anortised across a string of commercial, industrial and government users), and the Telesat-becomes the predominant cost. E, one of a series of satellites

TV coverage through Canada.

> vehicle with accommodation for on a more regular — and eventually cheaper—basis than conventional rockets will allow. The sheer growth in size of

The fifth Shuttle mission. The Shuttle has, as part or no planned for November, will be Orbiter, a massive cargo bay measuring 60 ft long by 15 ft measuring 60 ft long by 15 ft the SBSC (the third satellite in variety of payloads can be the series of private satellites mounted. The Shuttle's tasks built by Satellite Business will vary considerably from Systems of the U.S. to serve launching satellites to retrieving

a two or three man crew and accompanying accentists, launched into earth-orbit aboard a massive combination of rockets strapped to a big external fuel tank, the Shuttle is designed to enable men and hardware to be put into space many of the payloads which governments, defence agencies and others want to put into orbit is such that conventional rocket launching systems—which bave served adequately in the past are rapidly becoming outdated, and a new launching system of has been needed for some time.

#### **Payloads**

them again from orbit, or even repairing them in orbit, through to conducting many different 27 will be devoted to launching

men and materials into space Basically, the Space Shuttle is to enable them to construct designed to be a universal space orbiting space stations on a vehicle. Comprising an Orbiter permanent basis high above the Earth, or to erect massive solar power stations capable of converting the unlimited solar heat and sunlight of space into electricity for an energy-hungry

world. The original objective of the NASA was to conduct up to 487 Shuttle missions through the 1980s, with each Shuttle Orbiter vehicle being recovered after each flight and refurbished for use. Each of the four Orbiter vehicles to be built (Columbia, Challenger, Discovery and Atlantis, of which Columbia is already operational) is intended for use no less than 100 times before being discarded.

The next Orbiter vehicle, Challenger, becomes operational with Sbuttle Mission 6 next January, with Orbiter Discovery Missions 7 and 8 in 1983 are becoming available for Shuttle Mission 12 in January 1984, and Orbiter Atlantis becoming available in April 1985 on Shuttle and 20, all in 1984. Frequent satellite launches by the Misslon 26. The scope of the Shuttle will follow thereafter. circumscribed by budget con-straints, but the NASA is still planning close to 100 missions by the mid-1980s, if all continues to go well .

Of these missions, no less than

variety of users, ranging from the Intelsat organisation and NASA itself, to many overseas countries including Canada, the Arablan countries (Arabsat), Australia, Colombia, Germany, Luxembourg, India, and Indonesia, and several for commer-

cial companies in the U.S. After Shuttle Mission 5 Canadian Telesat-E spacecraft, the satellite lannching missions will become more frequent. A NASA tracking and relay satellite will be launched on Shuttle a Western Union satellite for U.S. domestic communications.

Most of these satellites will be launched with the aid of small booster rockets which will be carried aboard the Shuttle Orbiter vehicle, along with the

satellite payload itself.

different communications satel- tudes of about 150 miles or so. trajectories. lites of various kinds for a wide it does not, therefore, reach the required geo-synchronous altitude of 22,240 miles above the earth required for com-munications satellites. Accordingly, additional booster power is needed, and this is provided propellant motors by solid attached to the satellites to propel them, once they have left the Shuttle's cargo bay, up to the required sititude. These (called by the U.S. STS-5 for devices, called Spinning Solid Space Transportantion System Upper Stages (or SSUS—No. 5), which will launch another in the U.S. Satellite Business Systems series and the ferent sizes according to the weights of the satellites. The SSUS-D is capable of putting

about 2,400 Ibs of satellite into geo-stationary orbit, while the SSUS-A will push a satellite of Mission 6 in 1983, together with up to 4.400 lbs into the same spot, Many of the satellites to be launched in the near future satellite launch missions, as are devices. Missions 12, 14, 15, 16, 17, 18

> Launching aids Beyond these, however, as

Stage (IUS), being developed communications satellite situa-by Boeing under a U.S. Air tion. Force contract, to enable the The Shuttle Orbiter is Shuttle to place heavier pay

scientific missions.

communications satellites, in-designed primarily to perform loads into higher orbits, or to will even help to carry volving a total of more than 70 in near-Earth orbit, or at altiset them on to inter-planetary

The SSUS-D booster will be used on Sbuttle Mission 5 next November to put the Satellite Business Systems SBS-C satellite and the Canadian Telesat-E into orbit, while the IUS will be used on Shuttle Mission 6 in January 1983 to launch a NASA Tracking and Data Relay Satellite into orbit.

In the longer-term the Shuttle will make a further contribution to satellite launching techniques by belping to construct major platforms in space, which could be either manned or unmanned. upon which several communications satellites performing different functions, and each of vast size, could be mounted. These platforms could be serviced by regular Shuttle flights from Earth, thus obviating the need for the existing frequent will be using these booster devices. Moreover, each satellite could be expanded in size as demand for its facilities grew. The implications of such capabilities opened up by the Shuttle are thus enormous; which is wby space scientists satellites get bigger and believe that the Sbuttle Itself heavier. lie other launching is likely in the course of a few aids. One is the Inertial Upper years to transform the current

Michael Donne

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Europe-wide international satellite business service will start by early 1984

### Commercial bandwagon starts to roll

AT FIRST blush, it seems parasubmarine cable capacity, doxical that communications Traffic is bounced off them by between points on earth can be speeded up by ronteing them via a satellite sitting more than in diameter, which are con-20,000 miles out in space. But nected into national telephone the use of satellites for voice networks. and data traffic offers attractive possibilities in terms of greatly widened the range of flexibility, transmission capacity, satellite applications, Electronic tive possibilities in terms of variety of services and con-

Satellites are now exciting widespread interest, both among pnblic telecommunications administrations and private companies. All the signs are that satellite communications will be one of the leading hightechnology growth businesses of this decade.

The possibility of stationing a eatellite in a fixed position above the earth's surface and using it to relay signals be-tween distant points was first recognised by Arthur C. Clarke, the British-born scientist and author in 1947. It took almost 20 years for his idea to be transfated into action. The first communications eateldte, Early Bird (also called Intelsat I) was launched in 1965; it was followed by Intelsat II in 1966 and Intelsat III in 1968.

Until recently, such setellites have been employed chiefly to supplement conventional public telecommunications circuits, particularly on inter-continental

large fixed ground stations, with dishes 15 metres or more

Advances in technology have components have been made more compact yet more powerful, while payloads have increased. With more transmission power packed into the satellites, the size of the aerials needed to receive signals from them has decreased.

#### Advantages

This bas made possible the use of eatellites for mobile communications. For example, many merchant ships now employ satellites for navigational guidance and to stay in contact with bases on shore. The International Maritime Satellite Organisation'a new Inmarsat aervice, which began operating earlier this year, can provide almost instantaneous telephone, telex, facsimile and high-speed data links with ships

in most parts of the world.

The application offering the biggest commercial promise during the next few years is widely beld to be direct busicommunications by

two-way links with similarlyequipped establishments located anywhere in the large geographical area or "footprint" covered by the satellite

The range of services available is far wider than those which most terrestrial communications networks are technically able to carry at present. As well as voice communi-cations, they include very high-speed data links (fast enough to transfer the entire of Encyclopaedia Britannica within a few minutes) and video transmis-

lite, also known as televideo, is enables executives thousands of miles apart to see as well as talk to each other by sitting in front of compact desktop terminals equipped with television screens. As well as watching each others' faces while they speak, they can examine documents and photographs. graphs.

Because it demands a great deal of transmission capacity, videoconferencing is far more expensive than telephone com-

in adjacent car parks, com- deal cheaper than the cost of viable over the relatively short borders, so that they could than pay for itself in savings on travel budgets.

The U.S. is satellite communications. Ser- from their land-based communivices are being operated there cations networks. by American Satellite and by Satellite Business Systems, a national Business Machines, Comsat and Aetna, which began operation last year. Both services handle internal communications within large companies which have widely dispersed facilities.

SBS is the more aophisticated Videoconferencing via satel- of the two, offering customers an extensive range of services expected to play an important but it is still operating at a role in office automation loss. Some in the industry systems of the future. It enables executives thousands of the demand for computer data the demand for computer data transmission, which has been growing more slowly than forecast. SBS is now concentrating more on promoting video conferencing and voice communications and is seeking authorisation to start a switched telephone eervice between major U.S. cities.

Direct satellite communications have got off to a slower start in Europe, chiefly for two reasons. The first bas been satellite. By installing compact munications. But enthusiasts uncertainty about whether such earth stations on office roofs or point out that it is also a great services would be commercially

panies can set up instantaneous ferrying executives around the distances separating major world for business meetings. European business centres. The They argue that it will more second was initial lack of enthusiasm among PITs, the national telecommunications monopolies, which feared that developed market for direct satellites would divert revenues

> None the less, the bandwagon has now started to roll. The joint venture between inter- PTTs have agreed to start a Europe-wide international satelllte business service late next year or early in 1984. It will use satellites to be launched by the European Space Agency and two French spacecraft.

### Joint venture

National programmes are also proliferating. British Aero-space, British Telecom and GEC Marconi plan jointly to launch e UK satellite, Unisat, which will be equipped with both communications and direct broadcasting transponders France, West Germany, Italy and Sweden are all working on similar projects, due to enter operation by the mid-1980s.

make its programme a co-opera- and there is a risk that they will tive venture with other Nordic turn out to be incompatible. countries, the other projects are That would seriously hinder any intended initially to serve only future move to link them customers in one country. But together. their "footprints" will inevit-ably extend beyond national

technically link users in several countries if snitable international agreements are reached.

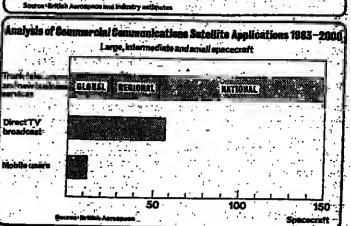
Whether such arrangements will be concluded, however, remains uncertain. The PTTs are chiefly interested in investments which will yield revenues within their own national territories and seem to have little interest in extending services beyond

somewhat narrow approach is also influencing discussion of the tariff structure for the Europe-wide satellite communications service planned for 1984. A number of PTTs want to impose a separate charge for each ground link when the same communication is beamed to several receiving

Another which will determine the development of satellite communications in Europe and the commercial rewards to be gained from them is standards. So fer, there bas been no concerted ettempt to coordinate the standards for the various Though Sweden wants to national satellite programmes

Guy de Jonquieres

World Requirements for Telephony, Data and TV Bistribution via Space Area Others Forecast Total Middle East North America



REMOTE SENSING SATELLITES

### Many benefits of monitoring the earth's resources

SPIES in the sky, satellites which scan the earth's surface and report back what they see have aroused public interest recently as a result of the Falkland crisis. By all accounts, intelligence gathered by U.S. military satellites about the movement of the Argentine fleet has played an important role in belping the Royal Navy
to decide how to deploy its
task force in the South Atlantic.
Such cloak and dagger activities are only one facet of the contribution, which satellites can make in telling us more about what is happening on

earth. For the past decade, satellites have been sending back a stream of information about agriculture, geological formations, the state of the sea and much else besides which is of considerable practical and commercial value. For example, analysis at the

U.S. Department of Agriculture use satellite information to estimate the size of Russia's grain crop and to forecast its probable import requirements. The information is intended to prevent a repetition of the great grain robbery" in 1972, when the Soviet Union was able to snap up a large share of the American harvest at bargain

Russians The Russians themselves have used similar techniques to improve cattle breeding. A satellite survey of the republic of Kazakhstan revealed the existence of large stocks of animal fodder. By helping farmers to guide their cattle to the best grazing land, the information made it possible to increase their berds by some increase their berds by some 50,000 bead of cattle.

Oil rig operators off the coast of north east Canada now receive early warning of approaching leebergs which could cause severe structural damage. The icebergs are towed away long before they towed away long before they near the shore. And satellite pictures of the Isle of Lewis, Scotland, belped in choosing the eite for a peat-fired power station by pinpointing the richest deposits of the fuel.

Tha technique of monitoring the earth from space began in 1972 when be U.S. National Aeronautics and Space. Agency

Aeronautics and Space Agency launched its first Landsat satellite. Two more Landsats have heen launched since and a further two will be placed in orbit later this year.

orbit later this year.

Landsats do not take conventional photographs but use a technique called remote sensing. They are equipped with special sensors designed to pick up the extremely high-frequencies radiated by substances on the earth's surface. Different substances radiate different frequencies and so possess "spectral eignatures" which enable them to be dis-tinguished from their surround-

ings.
The current generation of Landsats circle the earth at a short 500 miles and beight of about 500 miles and cover the entire globe once every 18 days. They scan an area of just over 100 square miles at a time, transmitting the data received to ground stations in different parts of the

un later this year will bave higher resolution and will cover about 30 square miles at a time. In about two years' time France plans to launch a satellite called SPOT (Systeme Dechatoire d'Cheargation de la Probatoire d'Observation de la Terra) whose focus will be narrowed down to as little as 10 square miles.

The European Space Agency is planning to launch a series with a margin of error of as from 1987 which will be equipped with even more location was indicated on maps with a margin of error of as much as five kilometres. Using equipped with even more location was pinpointed to sophisticated eensors. These within 200 metres will be able to identify thermal fronts, gauge wind speeds,

measure wave heights to within 10 cm and take extremely accurate readings of sea

At present, Landsat information is available at about £200 for a 100 square mile area,: though the cost is expected to rise by two or three times later this year as a result of decisions by the Reagan admin-istration. But even at the higher levels remote sensing will be reasonably priced compared to photographic surveys by aircraft, which cost about £4,000 a day.

The principal challenge in exploiting the technology lies not in obtaining the raw data but in interpreting their significance. The flow of information transmitted by the existing Landsat system is already immense and its volume and complexity will greatly increase as further earth resources satellites enter

service. The information gathered by remote sensing satellites is transmitted to ground stations scattered around the world and stored in computers. The information must then be processed to turn it into a usable form, usually as a graphic dis-play which can be presented on a high-resolution screen.

### Data processing

In Britain, a good deal of development work has been done in the field of data and image processing by the Remote Sensing Unit at the Royal Aircraft Establishment in Farnborough, .. Hampshire. The unit was set up three years ago with backing Industry Department principally to promote the

industry. So far the unit has managed to attract about 170 paying customers for its services. They range from large companies like British Petroleum and the Hunting Group to regional development authorities in different parts of the UK and ahroad and the Ordinance

Computerised designed by the unit allow the raw data to be manipulated in a variety of ways so that they build up the clearest possible picture of a given area of the earth's surface. The picture is made no of tiny squares, or pixels," which are assigned different colours. The result resembles an intricate, brightlycoloured mosaic.

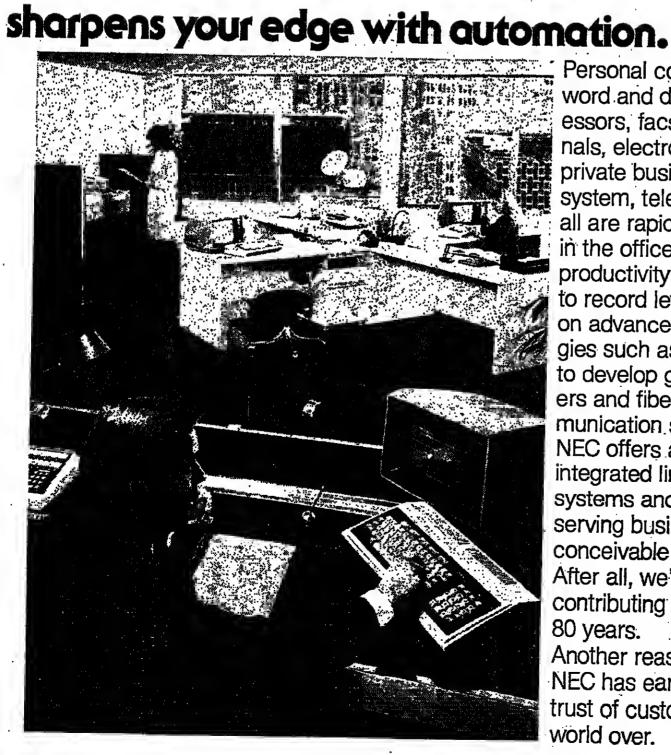
The computer is programmed for example, to highlight all the identical pixels on the screen, so that the operator can identify those areas which are covered by, say, fresh water or forest. It can also compare recent pictures with previous ones. This technique is useful for monitoring developments like snowfall or the spread of vagetation.

vegetation.
In spite of this computerised assistance. interpretation remains a highly skilled and often painstaking business. While the RAE's equipment can pinpoint a clump of trees, it camof judge whether they are oaks or eins, Equally, Landsat pictures of Britain make no distinction between the Weish mountains and concrete build-

Properly used, remote sensing can also yield extremely precise results. The RAE was recently called upon to help Botswana locate water holes in the Kalahari desert whose position was indicated on maps

Guy de Jonquieres

THE COMPL COMMUNICATIONS OMPANY,



Personal computers, word and data processors, facsimile terminals, electronic mail, the private business satellite system, teleconferenceall are rapidly taking hold in the office, boosting productivity and profits to record levels. Based on advanced technologies such as those used to develop giant computers and fiber optic communication systems, NEC offers a fully integrated line of office systems and equipment serving business in every conceivable application. After all, we've been contributing to it for over 80 years. Another reason why NEC has earned the trust of customers the

world over.

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Engineering contractors to the

oil, gas, chemical, process and power generation industries.

### Metropolitan areas rebut | RIBA's co-op guide land shortage argument

ANOTHER SHOT in the war of land. The slump in private builders and local authorities words over the availability of bousing output has clearly had resulted in general agreeresidential building land has helped relieve the pressure on been fired by the Association of bouseholders to find sultable Metropolitan Anthorities.

industry has been at odds with put will again the government and local land shortages. anthorities over whether or not sufficient housing development land is available. Now, the AMA bas prepared a report on land for private housebuilding in response to what it describes as general assertions from house house builders. Many authori-builders' representatives that ties have contributed to land

there is not enough building land to meet the needs of the house building industry.

Overall, says the report, the evidence gathered by the Association indicates that there Association indicates that there ing land or of demanding unis no shortage of available land reasonably high prices. In some for private housebuilding, given areas land has been on the the present level of demand in

the metropolitan areas. The AMA eays that the main private househuilding activity has been the economic situation and subsequent decrease in demand, rather than shortage of representatives of the house-

block and Britain's highest solid structure, the 183-metre

NatWest Tower, is a mere 3mm.

Long to achieve very fast times

in erecting the unusual single-

floor column sections specified

for the Tower. Main contractor

Mowlem employed lasers to line

struction site will invariably

include lasers along with

shovels and spades as neces-

This reluctance could be due

to the traditional conservatism

of British builders but may also

reflect the tightening of purse-

strings while the industry con-

centrates on surviving the

One man who thinks the tide is turning (and uses the Nat-

West Tower as a testimony to

the tool which has replaced the

American theodolite) is UK

industry bas been slow.

ecession.

hy the use of lasers.

land, though their concern is For some time the building that any marked revival in output will again quickly expose

> The report adds that all metropolitan areas and Greater London have, in varying degrees, undertaken asse of land availability with organlisations representing private house builders. Many authoriregisters, but few enquiries have been received since their

> "We have no evidence," says the AMA, "of anthorities hoardmarket for a considerable length of time without being sold."

Mr Jack Graham, chairman of reason for the recent lack of the AMA planning and transportation committee, said last week in launching the new report that discussions between organised

EUROPE'S TALLEST office systems used to obtain the for cutting through the

efficiency—take most readily to

offers to buy them beck at cost

price from huilders who fail to

save at least 25 per cent on

ment and alignment labour

with local Birmingham builder,

businessman Hedley Meek:

J. Emlyn Wilfiams, to dealership, Mocbeck at ClapMeek gets his equipment strengthen its national organisafrom Michigan in the U.S. tion by moving into Birmingand supplied all the laser ham. It has acquired certain within a week.

Featured in James Bond

"My guarantee is safe," Meek

vertical alignment of the Nat- toughest metals, the laser (an

**Around the industry** 

• JOHN MOWLEM has signed assets of the J. Emlyn Williams

an agreement to invest \$1.5m in husiness and will operate from new company Koppen Mining an area office at \$6 Aldridge Services which will take over Road.

the hasiness of Koppen Mining . SINCE LAUNCHING a new

Corporation of Albaquerque, modular showroom display system called Proco, Terrapin

New Mexico, America. tem called Proco, Terrapin

WILLIAM MOSS CONSTRUC- Reska has now completed its

TION has formed an association first contract for the product.

Chris Dunkley: Tonight's Choice

Smaller companies in the tion by stimulated emission of

Plumbing the laser market

West Tower.

labour costs.

out of plumb from top to UK—those with working direc-bottom—an accuracy achieved tors who know about site

The precision and simplicity of the laser method enabled Such is his conviction about steelworkers Redpath Dorman the benefits of lasers that be

and level each floor. adds, "most builders save But, while an American con- nearer 50 per cent on measureadds;

sary site tools, their adoption films as a lethal instrument in the British construction

ment that land is allocated for residential development meet the demand for at least the next five years.

"Housebuilders are worried about the availability of mar-ketable land," Mr Graham elaborated. "They are short of green helt sites."

Builders, says the AMA, wish to develop in areas of bigh landscape value which would undoubledly he attractive areas for residential development. However, Mr Graham emphasised that his members were also under pressure to protect agricultural land, and to revitalise the inner cities.

In the final analysis, says the AMA, the key issue is still that too few houses are heing huilt. It has already forecast that by 1986 there will be a shortage of balf a million homes in England Wales. Additionally 1,144,000 homes will be unfit to ive in, and another 11m will he

acronym for "light amplifica-

radistion") used in construc-tion is a helium-neon gas type.

It is classified as a low-power-

output tool rated at less than

.002 watts and, although opera-

tors should never look directly

into its beam, general exposure

to any part of the hody (other than the eye) is in no way

He selis a complete package

DEBORAH PICKERING

Long of

at around £3,200, hut the equip-ment can also be hired from his

This is at a Honda motorcycle

harmful, assures Meek.

company, Nevill Los Sonthall (01-574 6151).

in major disrepair. WILLIAM COCHRANE

THE BOOM in workers' cooperatives over the last decade or so-up from around a dozen registered co-ops in 1970 to some 500 todayseems to be taking root in the architectural profession.

The Salaried Architects Group of the Royal Institute of British architects bas just published a guide to setting up an architects' co-operative. The guide describes ways in which such principles as col-lective responsibility and common ownership can he applied in an architectural

practice. The Group says that cooperative practice can offer the ideal environment for practising architecture. It gives the architect the essential scope for individual creativity "which may be creativity "which may be stifled in traditional hier-

archical practice." Susan Marsden-Smedley, Salaried Members Officer for the RIBA, said over the weekend that she knew of existing and prestigious firms" in the process of conversion to co-operative status. "At least three partnerships of standing have been, or are

WHAT'S NEW Instant windows from Sweden (both of which can be cleaned from inside a room) have heen introduced hy Swedenhouse of East Horsley, Surrey (04865 4004).

The fully reversible, side hung "180 degree window" is fitted with a patented horislide mechanism allowing the entire sash to be

going over," she said. "One of those was set up in 1959." This, she said, tended to support the view that co-ops would not sppeal exclusively to youthful and politically Left-of-centre elements within the profession, "Architects of all political persuasions want independence," she said.
The guide is aimed at

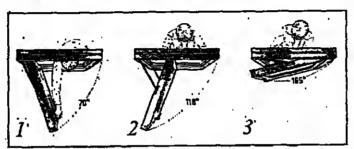
architects who are thinking of setting up new practices, at existing firms who want to alter traditional working methods, and at teachers of professional practice in schools of architecture.

The door to co-operative practice in architecture was opened for RIBA members only last year by the change in the Code of Professional Conduct which permitted architects to limit their

Co-operatives are limited llability associations, just as shareholding companies are; the proponents of the guide, however, are quick to point out that architects, whether they operate in co-ops. partnerships or limited companles, are still individually liable for their own

#### IN BUILDING

rotated for eleaning outside the plane of the frame with-out fouling blinds or curtains. In normal use, the window is opened to 25 or 35 degrees for ventilation and locked in these positions hy a childproof catch. If required for emergency exit the window can be opened to a full 90 degrees.



Plan view of operation of the 180 degree window showing bow it reverses in its frame for cleaning from inside a room. 1, window opened to full 70 degrees; 2, hinge side slides across frame so entire window swings round outside plan of hullding; 3, at end of slide travel onter face of window is now toward room, for cleaning

New addition to Myson Brooks' dnal fan products is a range of six VAD toilet extract units to give twin fan facility for installation in falsa ceilings.

Concentrated in beavy daty. f galvanised sheet steel, the

LONDON

unit contains two direct drive centrifugal fans with volumes ranging from 60 to 800 They litres/sec. described as slimline and extremely compact for mounting either vertically or horizontally. More on 0277 362222.

UK CONTRACTS

### Peter Birse gets relief road project

under £6m bas been accepted by Humberside County Council for the construction of the West Marsh Relief Road at Grimshy.

The 1.37-mila road with its associated Moody Lane link (0.62 miles) will connect the new A180 trunk road—now under construc-tion by the Department of Transport) with the dockland and industrial areas of Grimsby, rejoining the existing street pattern at the junction of Cleethorpes Road and Victoria

Construction of the 24-ft-wide dual carriageway includes two major new bridges; one over the southern arm of Alexandra Dock and the other a viaduct carrying the West March Relief Road over Gilbey Road; the docks railway and the new cut drain. Other structural work involves huilding a bridge carrying a single carriageway road over the drain, a inotway and cycleway (reconstructed from part of Gilhey Road) over the drain, and a culvert for the drain.

CONTRACTS WORTH nearly fam have been won by the LIN-FORD BUILDING GROUP, in-cluding a £1.3m scheme for the City of Birmingham calling for the erection of the central facility building at the Perry Barr site of Birmingham Poly-

has secured all three phases for the development of the Aston University Science and Technology Development Centre which the City Is undertaking in concert with Lloyds Bank. Value of the award is £1.25m and covers extensive alterations, preparations and improvements parations and improvements.

Milton Keynes Development
Corporation has placed a
£700,000 contract for 39 bouses. and Staffs County Council two projects worth together £680,000 for completion of Amington Health School, Tamworth, and building new accommodation at Chadsmoor Junior School,

AWARDS FOR over £4.3m have Royal County of Berkshire, and been won by MILLER CON- the primary school at High-

PETER BIRSE'S tender for just STRUCTION which will con struct £2.5m worth of admin. buildings and gatehouse at Mossmorran/Braefoot Bay for Ralph

M. Parsons & Co. Also in Scotland is a £750,000 health centre and day centre for the Lothian Health Board; a £650,000 reconstruction scheme for the Royal Bank of Scotland at the corner of Princes Street/ Castle Street, Edinburgh; bousing rehabilitation for Glasgow District Council (£im); and a £135,000 workshop extension for Ferranti at Silverknowes.

NEW WORK at home for WIMPEY concentrates mainly housing projects with a £3.1m development of private homes at Tarn Drive, Bury, Lancs., for Wimpey Homes Holdings.

Built in timber-framed "Superwarm" style, 33 will be studio flats, 33 one-bedroomed houses, 43 two-bedroomed houses, 22 three-bedroomed houses. houses and 22 two-bed bunga-Wimpey says its Increasingly popular studio flat is known as the "Supersingle." A film sheltered housing programme for the Bexley London Borough is under way this month at a site off Erith Road,

Barnehnrst. The company also has a £377,000 contract for refurhish-In the same city the company ment works at Airedale General Hospital near Kaighley, West Yorks., for the Bradford Health Authority.

> A MIX of office block, industrial units, a school and an old persons bome is worth over £3m to W. E. CHIVERS AND SONS. The offices will he at Cheese Lana, Bristol, for developer W. E. Chivers Holdings, and the building is being taken by the Clerical, Medical and General Life Assurance Society.

Situated in Old Town, Swindon, on a site called the Central Trading Estate, will be a 22-unit industrial complex developed at a cost of over film. The home will he at Wokingham for the

worth, Swindon, for the Wilt shire County Council.

WATER AND marine contracts in west London and the Thames estuary make up £2m worth awards to JOHN MOWLEM, inchiding flood defence work nn the river Brent at Greenford,

Middx, and jetty work at Cory-ton and SheM (UK) OH at Shellhaven, Stanford le Hope, The GLC has placed the £1m scheme to alleviate flooding over a 2,000 metre length of the river Brent. Work for Mobil at its Coryton refinery will improve

1S1 under a £400,000 project.

Drive, Balance of the new contracts mpey includes maintaining and repairing jetties for Mobil at Shell-FARROW CONSTRUCTION has won the £1.8m project to extend Stretford Town Hall, Manchester,

which covers the hulding of a three-storey office block with a basement and two link blocks joining the existing town hall. The company's northern office also has a £im plus job for the extension and alterations to Barclays Bank in Yorkshire Street, Rochdale.

#### **UK CONTRACT OVERSEAS**

WIMPEY INTERNATIONAL'S involvement on the Jordan Valley Authority's Amman terminal reservoir is worth

The covered service reservoir will employ gravity feed, have reinforced concrete columns and roof, concrete floor, and be cqustructed in the form of three basins, each of which can be

used separately.
The roof will be of varying thicknesses and covered with limestone chippings to reflect the sun.

Serving Amman city, the entire reservoir will have a 27,000-square-metre area and should be completed in June

### Barratt solves another's problem

estuaries) is heing built by Oil system—a £95,000 package space. Recovery International on a designed to carry out work for Barr factory site, loaned for free, at the Department of the Environ-Barratt Southern Properties, ment which placed an urgent Priory Industrial Park Christ-contract. church, Hants.

book-ends would not outvote

office-Lord Denning was fre-

quently the dissenter. But in

The mop is valued at about church were fully committed oil recovery company.

(for clearing up major oil spills long, and is the key element in company was forced to look for at sea and in harhours and the Star Oil Recovery Force 7 immediate extra short-term estuaries) is heing built by Oil system—a £95,000 package space. Barratt says it wes pleased to

help out a local firm particularly as the demonstration, if successful could lead to several As ORI's own works at Christ- Important export orders for the

6.40-7.55 am Open University (Ultra High Frequency only). 9.08-9.28 For Schools, Colleges. 9.08-9.28 For Schools, Colleges.
10.00 You and Me for 4- and
5-year-olds. 10.15-12.05 pm For
Schools, Colleges. 1.00 News
After Noon. 1.30-1.45 Pigeon
Street. 2.01-2.38 For Schools,
Collages. 3.15 Songs of Praise
from Blythburgh. 3.53 Regional
News for England (except
London). 3.55 Play School. 4.20
Cheypers Plays Poo with Keith Cheggers Plays Pop with Keith Chegwin. 445 Tha Space Sentinels. 5.05 John Craven's Newsround. 5.10 Blue Peter: The Prince of Wales shows treasures from the "Mary Rose."

5.40 News. 6.00 Regional Naws Magazines.

6.25 Nationwide. 6.55 Triangle.

7.20 Bret - Maverick starring first and ninth symphonies James Garner. 8.10 Panorama, presented by Richard Lindley.

9.00 News. 9.25 The Monday Film: "Chicago Story." feature film introducing a new aeries, starring Vincent Baggetta

11.00 The World of Golf (6); The Modern Greats. 11.28 News Headlines.

11.30 The Computer Programme.

BORDER

CENTRAL

By Night." 5.15 Emmerdale Farm. 6.00 except: 12.00-12.10 pm flacw Mem Yn Chennel Report. 6.30 Happy flaye. flwad. 4.15 Murphy's Mob. 4.45-5.15 10.43 Channel Late News. 10.50 Ser. 5.00 Y Oydd. 5.30-7.00 Report Aulourd'hui en France. 10.55 Thriller: Wales. 5.30-8.00 Yr Yythnos. 11.15 "A Killer in Every Comer." 12.15 am World in Action. 11.45-12.15 am Tha All IBA Regions as London except at the following times:-ANGLIA 1.20 pm Anglio News. 2.30 Monday. Film Matines: "The Horse's Mouth," starring Alac Gunnass, Kay Welsh and Ranse Houston. 5.15 Illif'rant Strokes. 6.00 About Anglis. 6.30 Geneon. 10.45 Anglis Reports. 11.15 Thriller. 12.40 am Reflection.

"A Killer in Every Corner." 12.15 am News and Weather in French.

GRAMPIAN .

9.25 am First Thing. 1.20 pm North News. 2.30 My Fathar's House. 3.30 Crocodiles in Cream. 6.00 North Tonight. 6.35 Country Focus. 10.45 Conference. Report—Full coverage of the SNP Conference. 11.45 The Monte Cerio Show. 12.45 am North Headlines.

1.20 pm Border News. 2.30 Film:
"Eancy Pants," starring Bob Hope and
Lucille Ball. 5.00 Lookaround Mondey.
\$.15 Fashion Today. 5.30 Look Who's
Talking. 9.00 Quincy. 10.46 Conference
Raport—Full coverage of the SNP Conforence. 11.45 Sorder News Summary. GRANADA

1.20 pm Graneda Reports. 1.30
Survivel 2.60 Movie Memories. 12.30
Monday Matines: "Cardboard Cavaliar,"
starring Sid Field and Margaret Lockwood. 6.00 Private Senjamin. 6.30
Granada Reports. 9.00 Quinty. 10.30
Danger UXB. 11.20 Andy Williams in

1.20 pm Cantral News. 2.30 The Monday Screen Matinas: "The Blue Peter," sterring Kleron Moore. 5.00 Central News. 10.45 Strike: The Birth of Solidarity. 12.45 em Central News.

1.20 pm Channel Lunchtime News, What's On Where, end Weather, 12.30 The Monday Mathes. "Nor The Mood

evening listening to Radio 3. The third episode in Six From South Kensington, called "Crisis in the Cromwell Road," is set in London's International Exhibition of 1862 where a group of visiting Indians found that their replica village was on the site of a former slaughterbouse. That's followed by a concert from the BBC Welsh Symphony Orchestra comprising Beethoven's

7.45, the first in a acries of four, tonight visiting museums in Watford and Stoke on Trent; and at 10.20 the second in the

seasonal series Discovering Hedgerows, the first of which was

If you want to clean the silver you could have an interesting

#### BBC 2 7.30 A Moment To Talk.

concerning the brain is now open to doubt.

6.40-7.55 am Open University. 10.30-10.55 Play School. 5.10 pm Knottley Fields. †5.35 Charlia Chaplin in "A Night At The Show."

quite charming.

6.00 Children's Parties. 6.40 Souvenirs of Sidmouth. 7.00 Better Than New. 7.25 News Summary.

7.45 Museum of the Year. 8.10 Marti Webb - Together Again. 9.00 The Hitch-hiker's Guide to tha Galaxy.

9.30 Human Brain. 10.20 Discovering Hedgerows. 10.45-11.35 Newsnight.

SCOTTISH

1.20 pm Scottlan News. 2.30 Monday Matines. 5.00 Scotland Today. 5.40 Crime Desk. 10.45 Conference Report —Full coverage of the SNP Conference. 11.45 Late Call. 11.50 Nero Wolfs.

TSW

1.20 pm TSW News Headlines. 12.30
"Nor The Moon By Night." starring
Srends Lee, Michael Crais and Pattick
McGoohen. 4.12 Gua Honeybun's Magic
Birkdays, 5.15 Emmardala Farm. 8.00
Today South-West. 6.30 Happy Bays.
10.47 TSW Late News. 10.50 Postscript.
10.55 Thriller: "A Killer in Every Comer." 12.15 am South-West Weather.

**RADIO** 

9.30 am Schools Programmes. Not a very enticing night on the box. BBC-1 offers a "mini-12.00 Cockleshell Bay. 12.10 pm movia? introduction to yet another American police series Chicago Story which, at 95 minutes, takes up most of the evening. Although BBC-2's Hitch-hikers Guide To The Galaxy is good Ralnhow. 12.30 Supersavers. 1.00 News, plus FT Index. 1.20 Thames News with Robin Houston 1.30 Van Der Valk value many of us asw it first time round and we are discovering that Human Brain is too clever by half and that anyway the series had the ground cut from under it by an ITV documentary showing that much of the conventional wisdom expressed bere 2.30 Monday Matinee: John Mills in "Africa—Texas Style!" 4.15 Sylvester. 4.20 The Sooty Show. 4.45 Smith and Goody. 5.15 BBC-2 does bava two of those short documentaries on quirky Gambit. subjects tucked away in the schedule: Museum Of The Year at 5.45 News.

6.00 Thames News.

Andrew Gardner, Rita Carter: The programme includes live coverage of President Reagan's meeting with The Queen at Windsor.

6.35 Crossroads. 7.00. The Krypton Factor. 7.30 Coronation Street. 8.00 Union Castle. 8.30 World in Action.

9.00 Minder starring Dennis Waterman and George Cole. 10.00 News.

10.45 Looks Familiar: 11.15 Thriller: Barry Nelson and Nyree Dawn Porter in "Death In Small

Doses." Doses."
12.25 am Close: Sit Up and Listen with Pam Gems. † Indicates programme in black and white

Anthony Hopkins and Ann-Margret.

TYNE TEES

3,20 am The Good Word. 9,25 North-East Naws. 1.20 pm North-East News and Looksround. 2,30 Monday Matines: and Lockstound. 2.30 Monday Matines:
"When Oincosure Ruled The Earth."
5.15 The New Frad and Bernsy Show.
8.00 North-East News. 2.02 Gambit.
5.30 North-East News. 2.02 Gambit.
S.30 North-East News. 10.47 Briefing. 11.30"
Lou Grant. 12.25 am The Sound of Silance.

### ULSTER

1.20 pm Lunchtima. 2.30 Monday Matines: "Slithe Spirit." sterning Rex Harrison. Constance Cummings and Kay Hammend. 4.13 Ulster News, 5.15 Film Fun. 5.00 Good Evaning Ulster. 5.30 Squara One. 10.44 Ulster Weather. 10.55 The Royle Une. 11.25 A New Kind of Family. 11.55 News at Sedtime.

### YORKSHIRE

1.20 pm Calendar News, 2.00 Monday Matinee: "Blithe Spirit," starring Rex 1.20 pm HTV News. 12.30 Monday
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Matinee: "1 Harrison, Constance Cumminge h This Kay Hammond, with Margaret Ruther-raning ford. 6.00 Calendar (Embry Moor and 8.00 Belmont editions). 6.30 Calendar Count-6.30 down. 10.45 "Countess Oracula."

10.45 Morning Story, 11.00 News, 11.03

ASSERT pulled off a unique double for the Sangster-O'Brien camp with a comfortable victory in yesterday's French Derby. the Prix du Jockey Club.

market 2,000 Guineas winner rarely questioned, must have Liverpool, and neither of their Zino in the Prix Jean Prat. been well satisfied with the lack families had had any connection Third place went to Be My of nerves shown by his apprendiction. Newnes is rapidly

brethren, often contenting him-

iong overdue. It follows that

Candy, one of a small and

other divisions of the court. Lords. It is on this score that Almost every publicly import- one will ponder the permanence of Lord Denning's great-

He will undoubtedly be remembered with the deepest affection, and with not a little respect, for his legal scholarship. for his immense store of historical knowledge and for his judicial acumen reflected in a prodigious output of court judgments and extra-judicial outpourings. But as to bis imprint on the jurisprudence of the English legal system there remains a large question-mark. If future generations will rate him as a significant contributor to the davelopment of the law in

more recent times, with the did not avoid cheating with the case law, discarding or ignoring legal precedent that second and even third generastood in bis way of achieving what he considered was the justice of the case. And naive, because be so often did not perceive the social consequences of his peculiar hrand of justice.

furiating feature of Lord Den-

ning's judicial approach. One,

being both unscrupulous and

nalve. Unscrupulous, because be

Justice was the quintessence of his judicial office. But it was justice, not according to the established law, but directly reflecting some deep religious morslity. Natural justice, of which Lord Denning was such a devoted exponent, stemmed from natural law and not out of any modern sense of fair-

The ultimate key to Lord

### RACING

BY DOMINIC WIGAN

hard race when going down to Golden Fleece on his seasonal debut, was a deserved winner. The only hard luck story of the race surrounds Alfred's Wuthering failing by inches to

Henry Candy his first classic bome in the same race almost success achieved through Time 30 years ago, did not produce Charter in the 204th Renewal the 1,000 Guineas runner-up of the Oaks. Success for Candy until the Barry Hills fillies -some 11 years older than Slightly Dangerous and Last David O'Brien-in one of Feather were already locked in

England's five classics has been battle inside the final furlong. Calling on his good looking fateful time in the spring when bay mount with hands and 48 bours after seeing Time heels, Newnes kept Time Charter find only On the House Charter beautifully halanced too good in the 1,000 Guineas, and straight as a die as be the Kingstone Warren handler drove for the line. Time witnessed the fastest colt he has Charter's four closest pursuers ever trained in Wind and were also, remarkably, heve.

developing the canniness in tactics and the strength in the finish so often displayed by Durr hefore his retirement.

### LINGFIELD

2.00-Hawailan Heir\* 2.30-Rutland

> 3.30-Pyjamarous 4.00—Barnbeck

4.30-Karminski

3.15—D'Lo

### 2.15—Mac's Tally

### 5.00 sm As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Paul Burnett. 2.00 pm Stave Wright (S). 4.30 Peter Powell. 7.00 Stayin' Alivs. 8.00 David Jaosen. 10.00-12.00 John Peel (S). RADIO 2

(S) Stereo broadcast (when broadcast on VHF)

RADIO 1

5.00 am Stave Johes (St. 7.30 Terry Wogen (5). 10.00 Jimmy Yeung (81. 12.00 Gloria Hunelford (5). 2.09 pm Ed Stewart (5). 4.00 David Hamilton Ed Stewart (S). 4,00 David Hamilton (S1. 5,45; Hews, aport. 6,00 John Outn. (S). 6,00 Folk on 2 (S). 9,00 Humphrey Lyttelton with the Bear of Jazz (S). 9,55 Sports Desk. 10,00 Funny You Should Ask with Peter Jones. 10,30 Star Sound with Nick

Jackson. 11.00 Brien Matthew. 1.00 et the Playhouse (S). 7.56 Six from South Kansington. 8.00 BBC Weigh Night and the Music (S).

RADIO 3

RADIO 3

PROBLEM 1.00 News. 7.05

5.55 am Westher. 7.00 News. 7.05

10.45 Jazz in Britain (S). 11.15 News.

Nown Your Way. 11.48 Poetry Please I. 12.00 Naws. 12.02 pm You and Yours. 12.27 The Day Job. 12.55 Weather, 12998, programme news. 1.00 The World et Ons. 1.40 The Archers. 1.55 Woman's Hour. 3.00 News. 2.02
Woman's Hour. 3.00 News. 3.02
Afterneon Theatra. 4.30 History
Reflected. 4.40 Story Time. 5.00 PM: FADIO 3

10.90 20th-cartury Creech plane music.

5.55 am Weather. 7.00 News. 7.05

Morning Concert (continued). 9.00

News. 3.05 This Weak's Compossit Vividid. 10.00 Bournemouth Symphony Orchestra (Si. 10.55 Kennath Mobbe (S). 11.35 Songs for Stringe (S). 2.06 pm Haydn and Charkevsky (S). John Ebdon with recordings from the 12.06 pm Haydn and Charkevsky (S). John Ebdon with recordings from the 12.00 Marina Musicale (Si. 2.00 Marina Musicale (Si. 2.00 Marina Musicale (Si. 3.00 News. 9.05 Start the Week at trivel. S.00 News. 9.05 Start the Week at 10.00 Science New. 17.00 A Book at 10.00 News. 1.05 Sec Lunchtime Contest (Si. 2.00 Marina Musicale (Si. 3.00 News. 8.00 News. 9.05 Start the Week 10.00 Science New. 17.00 A Book at 10.00 News. 1.05 Sec Lunchtime Contest (Si. 2.00 Marina Musicale (Si. 3.00 News. 8.00 News. 9.05 Start the Week 10.00 Science New. 17.00 A Book at 10.00 News. 1

### THE WEEK IN THE COURTS

### Lord Denning's indelible mark

BY JUSTINIAN

"HIS INFLUENCE on the law me, a litigant in person." It hoped that his two judicial have at least to overlook one inwas immense. He extracted it was a testimonial that was both book-ends would not outvote furiating feature of Lord Denwas immense. He extracted it from pedantry, technicalities and narrow-mindedness. He hrought into it hroad principles of justice and of equity. He was eloquent. He made speeches. He gave judgments." That is bow Lord Denning, who at 83, has announced his impending retirement after 38 years on the bench, eulogised Lord Mansfield, a great com-mercial judge of two centuries

ago. It is how Lord Denning would have himself judged. But will be be? However demeaning was the occasion for his departure, it was the smallest hlemish on an unparalleled record of judicial hehaviour. The alight upon the ethnic minorities in his most recent of a steady stream of books over the last five years, was at worst a thoughtless and uncharacteristically tasteless slip. No judge in living memory conducted himself in such im-

peccable fashion, Every advocate of the last 20 years during Lord Denning's presidency of the Court of Appeal as Master of the Rolls would testify to his unceasing courteousness. Even that most tiresome of advocates, the litt-gant in person, would echo that sentiment. One such member of that tribe proclaimed after a successful application for an self with a simple "I concur." adjournment: "My Lord, it is For Lord Denning it was not the likes of you that make tol- a case of being primus inter erable the lives of persons like pares. He always led, and

genuine, and unqualifiedly de- him. served so sure has been Lord With his exact contemporaries less than kind, critic once
Denning's touch in bandling —most of whom have long stated that Lord Denning posthe myriad of persons appearing since departed from judicial sessed the fatal combination of

in his court room. Lord Denning's dominance of his court was not restricted to the mechanics of oral hearings. He organised the workload of tion of Appeal Court judges,

mark upon it.

the Court of Appeal in such a he has more frequently been Denning invariably gave the first judgment. He always led, and hoped that his two

judicial book-ends would not outvote him. way that every important and able to carry them along with interesting case was directed him: only to be thwarted just into his list and not to the as frequently by the House of

ant decision of the Court of ence Appeal over the last two dec-ades, with the notable exception He of Revenue appeals for which he had little taste, had Lord Danning's prime and indelible This was because he invariably gave the first, and hence leading, judgment. Every other presiding judge in other divisions of the Court of Appeal has tended to parcel out the work among his judicial

Denning's outmoded philosophy is to be found in his latest, temporarily withdrawn hook, What Next In The Law. His unbridled disdain for Jeremy Bentham and the Utilitarian philosophers is unconcealed. He writes: "I never thought anything of Jeremy Bentham. He was the most pretentious per-son that ever lived." The philosophic calculus - the greatest happiness of the great number "es a solution for all legal problems as well as social ones. post-war England, they will solves nothing."

Trained by Vincent O'Brien's 26-year-old son David, Assert, who was given anything but a

Choice who did not get clear of hold off Zino. trouble until far too late.

Native, England's sole repre-tice Billy Newnes. sentative. Few racegoers at Epsom on tice to land a classic since Joe Saturday can bave begrudged Mercer brought Ambiguity

Earlier in the afternoon at dwindling band of trainers Frankie Durr. Both tiny jockeys Chantility, Melyno had collared whose loyalty towards their joined racing stables from the and raced clear of the New-stable staff and jockeys is same underprivileged area of

Newnes, 22, the first appren-

There is already much similarity between the careers and

temperaments of Newnes and

3.00-Gavo\*\*

### LEICESTER

4.15—Triple Tipple\*\*\*

### Why BL turned quality control on its head

BY LORNE BARLING

ABOUT 18 months ago, BL decided that it needed to review the method by which it measured the quality of the products within the car production and components plants of its newly-formed volume cars company, Austin Rover. | The need for such a re-think by management related as much to changing design and production techniques on the com-pany's new model range as to the importance of achieving customer satisfaction.

All major motor companies have quality control systems of various kinds usually based on visual checks and road tests. but the system BL has heen introducing is based on a new approach to quality.

The new system which has evolved is operated by about 20 'auditors." mainly speciallytrained ahopfloor men, who award demerit points for faults on vehicle components, roughly on vende components, roughly in accordance with how seriously a customer would regard them. By applying the average customer's quality criteria instead of those traditionally used at the end of a production sing Austin Power production line Austin Rover has turned its system on its

### Advantages

Andy Barr, managing director of Austin Rover and a prime mover in improving quality, (or QI). This works on the says one of the major advan- basis that the greater the tages of bigh technology manu-number of demerit points the facturing, such as computer lower the score on the index aided design and production, A car with no demerit points and the increasing use of robots is repeatability. 'Design en-gineers are now required to ensure that components are easily repeatable to a high standard. This eosures that products come out right in the end and that is what quality is about,"

quality yardstick applies not only to finished vebicies, but

was not what it should have been at BL." hut he has since taken a tough stance to ensure changes were made. He now believes that, apart from model improvements, this year's Rover is of better quality than last year's, and 1983's will he better

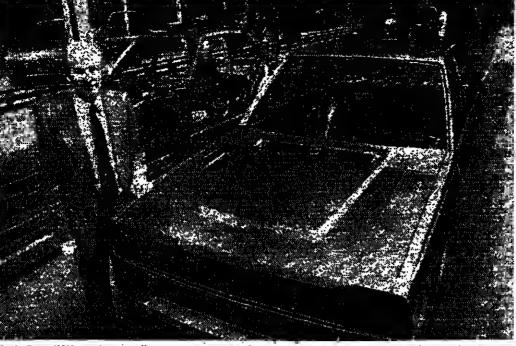
The quality system now being applied means, for example, that any fault on a car which results in something not working. immediately attracts the maximum of 10 demerit poiots. Significantly "auditors" work to strict standards manuals and are not allowed any degree of self-expression in how serious a fault is. This is a reverse of · practice, which llowed norms to vary according to the judgment of the

auditor.' A "minor" fault, attracting five demerit points, is one which not all customers would find immediately, such as flawed paintwork in a less than invisible to the customer,

receive three points.
All these demerit points are finally recorded, after a 20-mile road test, against the offending production process involved— such as assembly—or, if the fault is intrinsic, against design engineering. The total is then measured on a quality index (or QI). This works on the A car with no demerit points would score a maximum 100

The statistics of every day's production at all Austin-Rover's major plants is sent immediately to Barr, giving him the ability to make an instant assessment of the quality spread

in QI terms.
"We no longer talk about a good or bad car, which doesn't mean a thing unless you have also to components supplied some means of measuring from within the company and quality. But if an index is by sub-contractors. Barr admits, mentioned, we know exactly somewhat grudgingly, that what sort of car we are talking there was a time when quality



Andy Barr: "We no longer talk about a good or bad car, which doesn't mean a thing unless you have some ans of measuring quality

When a number of high index cars began coming off the production line at Longidge recently, all work in the newly modernised paint shop was stopped and workers given immediate retraining to correct

Similarly, when it becomes evident that a fault is recurring. the operator concerned is brought off the production line to see the result of his work and discuss means of improving the process or his bandling of it. Industrial relations are obvious place, or perhaps faulty said to be improved by the seat stitching. "Incidental" ability of the workforce to faults. which are usually become involved in quality control.

> The immediate advantage of the system, it is suggested, is that it allows plant directors to monitor output closaly, while in the longer term it provides a monthly picture of production quality for Sir Michael Edwardes, BL's chairman, and members of the board.

> But for Barr, creating the yardstick and a flow of information has been only part of the exercise. "It's how you use the information that really counts," he said, pointing out as an example that the recent discovery of damage to wing paintwork during the final assembly of some cars had led to the use of protective plastic film.

Austin Rover has also ightened quality requirements for component suppliers; they: are now dropped if they achieve less than 98 per cent reliability, although this seldom happens slip up are no longer required

materials when a fault occurs, but for the antire cost of vehicle rectification, a draconian incentive which has on occasions led to considerable anguish.

important aids to repeatability aspect of quality and customer are high technology measuring reaction. and manufacturing techniques. For example, the ability to achieve consistent car body dimensions by means of electronic measuring equipment bas improved the efficiency of subsequent assembly.

Similarly, creep and wear of production equipment can be detected at an early stage through electronic monitoring, an important factor in reducing latar rectification cost. The use of robots for jobs such as the application of underseal has also eliminated the chance of random areas not being adequately covered.

#### Commitment

Design improvements, such as heavy investment in CAD-CAM (computer aided design—com-puter aided manufacturing) equipment by Pressed Steel Fisher, BL's body pressing subsidiary, have reduced costs, speeded up work and in Barr's words, simply made cars "more buildable" through improved tolerances which make parts fit together better.

Perhaps the greatest commit-ment by BL towards customer satisfaction has been in improving paint finish, and the new £35m paint shop at Cowley. and quality has been improving. Oxford, where the Rover, Moreover, suppliers who do Acciaim, Ambassador and Ital o up are no longer required cars are produced, is said to reimburse BL only for be the most modern in Europe.

"The whole technology of our paint application has changed and we are now providing the best paint finish we know bow to achieve," says Barr, who has On the tecnical side, the most an intense interest in this

> Austin Rover management is now committed to the belief that the long-term appearance of a car is extremely important to the average customer, and efforts have been directed at achieving a finish that will outlast the best competitor's.

> However, the increasing popularity of metallic colours bas led to problems, since these tend to fose their inherent shine more quickly than conventional paints. BL bas tackled this, like some other companies, by covering its metallic paints with a protective clear gloss that adds

One particular problem which is known to infuriate customers is the failure of electrical equipment, particularly cen-trally controlled door locks and windows, and partly for that reason BL bas installed a system called VETS (vehicle electrical testing system) manufactured by Ferranti.

This is designed to ensure that all circuits are not only functioning but are free from faults, since these can often be detected by voltage drops duroverall. Austin Rover appears

to have gooe to great lengths to ensure that its heavy investment in new cars, both past and future, will not be nullified. by customer reaction to a few relatively minor but telling ACCOUNTANCY

### Banks enter the fray

BY MICHAEL LAFFERTY

pens to demand.

of the market.

whether these be solicitors,

gentlemanly, and the account

This will almost certainly

BRITAIN'S accountants had better watch out because the banks are going after their clients. The banks are thinking this way for a variety of reasons. Most fundamentally, they envisage a major switch in the way in which traditional personal banking services are delivered—away from bank branches and towards the home, the retail store, and the place

The trend is identifiable in generally lacking in confidence several European countries. Indeed, a recent survey of leading bankers found that nearly 75 per cent of European banks insurance brokers, or banks. But are thinking about shifting the so far the nature of the com-balance of staff activities over petition has been relatively the next five to 10 years from administration towards the pro- ants' charges have not seemed vision of personal financial to he out of line with the rest advice.

This process is closer to band than many people appreciate, change over the next five to 10. The big clearing banks have already announced plans to introduce a nationwide system for electronic funds transfer at point of sale (EFTPOS) and a committee has just

started work on this. Meanwhile, Barclays Bank is shortly expected to announce Britain's first bome banking experiment based on a television set Similar experiments are already under way elsewhere, notably

in West Germany.

Such moves will leave the banks with vast nationwide networks, with more than 13,000 outlets in all, and a great deal of spare capacity. By a curious coincidence the number of bank branches throughout the UK is approximately the same as the number of accounting firms in the country.

A number of recent developments in the UK point to the way things are going. Within the space of little more than a year the big London clearing banks have launched a massive attack on the building societies, and now have a major share of the mortgage market. Only last month, Lloyds decided to enter: the estate agency business. Increasingly banks are talking,

about providing customers with a complete range of financial services, and are becoming expert at marketing and market segmentation in the process. They are learning that the needs of personal customers differ in certain important respects from those of quoted companies, and that small it only calls for GCA figures businesses require a further in supplementary form—and

years, as the banks resort to cross-subsidisation in order to There is some evidence that build market share. Even with a small number of firms of out that, the banks can be accountants are thinking in expected to take every opporsimilar terms. But the general tunity to sell other services image of practising firms is one when customers enter branches of sameness. Most firms like receive statements or enter into to imagine that they can provide

correspondence. a wide range, of services—in-In order to meet this coming deed whatever the customer challenge accounting firms will walking through the door haprequire increased awareness of the changes that are taking Accountants as a rule are not place in the financial services about their ability to provide industry in general, greater better services than competitors, specialisation, and

increased visibility. This means that out-moded restrictions on professional advertising will have to go by the board. Accountants will have to learn that marketing is an essential part of running their practices, and that it involves a bit more than joining the local Round Table.

### Early battle for SSAP 16

THE LONG - DRAWN - OUT British debate about current cost accounting (CCA) is set to take another extraordinary turn iake another extraordinary turn in July when members of the English Institute of Chartered Accountants will be asked at a special meeting to vote against the CCA accounting standard, SSAP 16. Once again, the campaign against CCA is being led by David Keymer and Martin Haslam, the sole partners in a small Burgess Hill accounting small Burgess Hill accounting

This is the same team that so effectively destroyed the wide-ranging Morpeth CCA scheme, proposed in the exposure draft ED 18, back in July 1977. On that occasion an attractively worded resolution was carried by 54 per cent of those voting.

While the two events, and the issues at stake, may appear identical, this is not the case. Back in 1977 the British accountancy profession, was being asked to endorse a complete changeover to CCA as the main accounting system for all companies. Furthermore, the plan, as set out in ED18, was unnecessarily complicated, and very hadly marketed.

The inflation accounting plan that now operates (SSAP. 16). bears little comparison to ED18. Most significant in the context of the forthcoming

other large companies. Another crucial point is that SSAP 16 is only a provisional accounting standard, applying for three years. The special meeting comes halfway through a trial period, well before there has been opportunity to evaluate the relevance of the standard.

If the majority of quoted companies were refusing to implement SSAP 16 there might be some argument for scrapping the standard at this stage. Bu

this is not the case.

Again, if David Keymer and
Martin Haslam represented a part of the profession that was actually concerned with audit ing or advising companies affected by SSAP 16 their action in calling this meeting would have some credibility. As it is they do not

The forthcoming special meeting is therefore unnecescalled. Now that it has been English chartered accountants will have to stand up and be counted. Anything less than a major defeat for Keymer and Haslam in July will do great damage to the profession, and particularly to the already threatened credibility of the rule-making Accounting Standards Committee.

Michael Lafferty is editor a Financial Times World Accountspecial meeting is the fact that ing Report, and editor and publisher of Retail Banker International

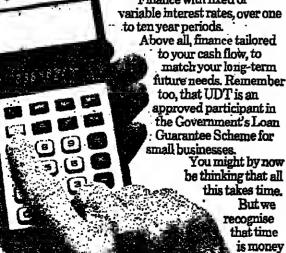
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### **CONTRACTS AND TENDERS**

### INVITATION FOR PRE-QUALIFICATION

FIRST STAGE ISTANBUL

### SEWERAGE PROJECT

Contractore in the field of civil and sanitary engineering works, with particular exponence in the construction of savorago systems, treatment plonts, see outfails and the attendant electrical and mechanical works are invited to participate in a pre-qualification proceders, in order to be included in the list of prospective contractors for the execution of the First Stage Islanbul Sewerago Project (Yonikapi orea).

IE PROJECT:
The General Directorate of Istanbul Water and Sowerage Administration (ISKI) to reoponsible for the preparation and execution of a sewerage and cawage dioposal project in the Greater Istanbul Menicipolity ores, which has been scheduled for execution during 1982-1987.
The project regarding its mojor contracts has been or lo being prepared with the acceptance of the Engineering Consultants who will also contribute to the pre-qualification of contractors.
The project compasses the construction of sewerge disposed facilities for the Yankapi drainage area, located in the city of Istanbul at the European side of the Bosphorus between the Golden Horn and the Sea of Mermars.

Marriara.

The sawage dioposol facilities comprise interceptors (about 27 km, of which about 4 km as tunnel), a pre-treatment plant (sereted grit chembers) with influent and effluent pumping stations (max. about 12 m3/sec.), force main (2.4 km) and a submarine outfell main with diffesor into the Ses of Marmara (length 2 km).

12 m3/sec.), force stain (2.4 km) and a submarine outfall main with diffeact into the Sea of Marmara (langth 2 km).

THE CONTRACT:

1. The project works will be constructed under oix separate contracts, viz: a) the Albeyköy interceptor along the Goldon Horn, covering a construction period of 35 months attring July 1983 (issue of enquiries Jan. 1983, submission of tenders March 1983);

b) the Bekirköy and Sersyburnu interceptors and force main slong this Sea of Marmare, covering a construction period of 32 months starting Novembor 1983 (issue of enquiries May 1983, submission of tanders July 1983);

c) the Fatih interceptor tunnel and other possible tunnels, covering a construction period of 24 months attring Abril 1984 (issue of enquiries Oct. 1983, oubmission of tendors Oct. 1983);

d) the Influent and siliuant pumping station, and pre-treatment plant at Yonikapi, covering a construction period of 34 months attring June 1984 (lasue of anquiries Oct. 1983, sebmisation of tendors Fob. 1984);

o) the electrical and mechanical installations attendant to the pre-treatment plant, pumping stations and pumping mains, covering a manufacturing, installation and commissioning period of 34 months starting July 1983 (issue of anquiries Jan. 1983, aubmission of tendors March 1983);

i) the submarine outfall main at Ahirkapi, covering a construction period of 30 months starting October 1983 (issue of enquiries March 1983, aubmission of tendors June 1983);

2. Contracture are ollowed to oct in joint vonture or joint operation with other contractors for this project.

Mail Address:
ISKI. Istembul Su vs Konelization Idensi, Ist Sular
Genel Müdürlüğü, Fransız Çikmezi, Ist Sular
Asyoglu-İstanbul, Turkey
Completed pre-qualification forms shall be submitted in two copies by mail
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### SUDAN RAILWAYS CORPORATION STORES DEPARTMENT

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5351 SUPPLY ON ONE SHAPING MACHINE

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Sudan Railways Corporation invites for the above tenders which are financed by the World Bank.

Documents can be obtained from the office of Sudan Government Purchasing Agent of 3-5, CLEVELAND ROW, 5T. IAMES'S, after payment of 22.00 per set for the first four contracts and £3.00 per set for the last two contracts.

The closing dates affixed for acceptance at ATBARA—SUDAN are:— 15th July 1982 for contracts 5350 & 5351, 17th July 1982 for contracts 5352 & 5353, 18th July 1982 for contracts 5254 and

OFFICE OF CONTROLLER OF STORES

### COMPANY

### NOTICES

U.S.£50,000,000 Hydro Quebec 9½% Debentures due 1.7.1978/93

Debentures covering US\$2,500,000 have been purchased on the market to satisfy the Purchase Fund due 1st Joly 1982.

LEUMI INTERNATIONAL INVESTMENTS

U.S.560 MILLION GUARANTEEO FLOATING RATE NOTES 1989 -EXTENDIBLE AT THE HOLDER'S OPTION TO 1982 The interest rate applicable to the above Notas is respect of the six month period commencing Monday 7th June 1922 kas been fixed at 15 kg% per annum. The interest amounting to U.S.\$76.57 per U.S.\$1,000 orincipal amount of the Notes will be cald on 7 cessay. 7th December 1992 against presentation of coppon No. 1.

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Bills Issined 2nd June 1282 55m at
2 43-54ths per cont. Maturing 1st
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Ille outstanding 521.5m.
MERTPORDSHIPE C.C. Bills
45m. Bills from 2nd June 1992 to 1st
estimater 1982 at 12116%. Application
140m. 525m outstanding.
DUTILEY METROPOLITAN SOROUGH
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ad Sestember 1982 at 12116%. Application 629.7m. 59.5m outstanding.

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S.A. CAPITAL STOCK OF SHAREHOLDERS' MEETING...

NOTICE IS HEREBY GIVEN to the shareholders that they are to convene on Friday. June 25, 1952 at 10:30 a.m. for an Ordinary George Meeting to be held at Tota Olivier & Serves. 78 rue Olivier de Serves. 98:30 f. Paris, to discuss the following points on the agenda:

11 Report of the Board of Directors On Operations and accounts for the veer 1931: Auditors' Respect.

2) Approval of the said reports. Accounts all Belance Sheet.

3) Income allocation and determination of the Board to Issue bonds.

5) Approval of transactions covered to the Board to Issue bonds.

5) Approval of transactions covered to the Board to Issue bonds.

5) Setting of a redemption price to the Board to Issue bonds.

6) Setting of a redemption price to the Board of Serves Weeting to the Board of Serves Weeting to the Board of Serves Weeting to Setting of a redemption price to the text of resolutions providing for the appointment of Directors, on account of standary approval formalities.

All shareholders who own one ore or mace. All shareholders who own one or more "A" or "B" shares are entitled to attend this meeting or be represented, therefor by a proxy shareholder or by their squise.

represented. Steamer by a proxy shareholder or by their soquise.

However, in order to be able to attend this meeting or be represented therefor, the shareholders who own registered therefor, the shareholders who own registered three shares should be listed on the company registers see full calendar days before the meeting is to coorse. The shareholders who own Bearer Shareko should, within the same timespan, doposit field share cartificates or cartificates besend by the bank, the finencial establishments; or broken with whom the said three are desperted, in one of the following establishments:

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TRE LATHES

/ June / 1982

OPHER LORG

the banks the banks that arker stars from the banks of th Hospitality, is a chamber opera effective little swan-songs, and by the young Swiss composerpianist Jean Jaques Dünki, commissioned by Paul Sacher and premlered on Thursdoy at the Almeida Festival. Obviously violence is the theme of the piece: Prokrustes was the legendary Attic brute who fitted his guests to his bed by lopping or indence
ior to investing on
the accountry final
the finance of
the finance of stretching them as required. Not much bas been done to expand the theme into a dramatic action — just enough to give nine singers something to do, and (presumably) the audience something to think about. The thinking-out process might profitably have gone further before d vision and the many of the control

cover what he may have had in The expected murders, not tes's two servants. These latter very barrowingly staged by were the seductive Jenny Miller Pierre Audi, give three and Graham Titus, whose in-

the opera reached its final

form; ag it atands, one needs to

buttonole the composer to dis-

David Murray Prokrustes, or The Lows of henighted guests chances for cisively grim performance generated principal

Prokrustes/Almeida Festival

Prokrustes himself is at last Donald Bell, the Prokrustes, despatched by a feline lady looks more like Lon Chaney Jr with whom he has just made love on the fatal bed. In year by year, which was a between, his talents are soli- natural advantage. Justin Justin cited by two ambassadors seek- Lavender and David Wilsoning, respectively, a tax-collector Johnson doubled expertly as victims and ambassadors; other roles were securely taken by and a prison interrogator: I think this was meant to be con-Malmfrid Sand, Tay Cheng-Jim, Christine Page and the temporary irony. For good measure two possing ohepberds young Simon Jones.

Dunki's music, eclectic and blity, generally made its theatrical points, but never fixed a consistent tone—not even of moral disapproval; the orchestral players seemed to enjoy their numerous cadanzao, and the vocal roles sat well on the voices. Whether Dunki's gifts would oustain a more are done in without mattress-testing, and there is some irritable hyplay with Prokrusambitious project remains an open question. Jan Latham-Koenig conducted with evident

THE ARTS

### Drawing the line

salerooms are developing the public's eye ond any visitor to the architectural schools, parimportant. ticularly the Architectural Association in London, will find that the fine rendering is as important today as the perfect archittectural model was in the 1960s. In his recent book, and in his it can also magnificently lie. It is the honest architect's most

sections and elevations.

the new building to the client.

lecture last week at the Royal Institute of British Architects, architectural bistorian Gavin Slamp drew attention to the great perspective ortists of the 19th and carly 20th century. In federate." It is impossible to ignore the lished, their forthcoming sale of architectural drawings and watercolours Sotheby's (Thursday, June 10 at 2.30 pm) has assum-bled a remarkable collection of works that date from 1750 to

To consider the perspectivists first, Stamp's bok (The Great Perspectivists, by Gavin Stamp, RIBA Drawings Series, Trefoil Books, £11.95) has a mission. He sees the artist's impression as a bridge between the architect and the often uncompre-bending public. In his lecture be was critical of the presentday presentation of architecture a process of models and axonometric drawingo that can fox as much as they can enlighten the client and the pub-

There is a lot of interest at

the moment in architectural

drawing. Publishers and the

At a time when there are more and more competitions in dian artists and engravers. It the air, the presentation of buildings to the unsuspecting is important to remember that public has become increasingly the Classically educated clients

Architectural drawings are highlighted in an important sale at Sotheby's on Thursday: this fine watercolour by Augustus Charles de Pugin is one of three views of the Royal Pavilion at Brighton included in the sale. Estimates range from £40 to £5,000, making it possible for the private buyer to break into a market that has Back in London this week there are a succession of concerts of unusual interest. On institutional collectors. been for too long

in the 18th century did not need The writer and architect the convention of perspective Goodhart-Rendel has given the because they were able to underbest description of the perspec- stand the clear formula of plans tive drawing . "Having un and elevations with black rivalled powers of truth-telling windows and simple details. It was Piranesi who brought

Architecture

about the most dramatic candid and inconvenient friend: changes in the presentation of it is the dishonest orchitect's architecture—for the first time most arifut and convenient con- in the 1750s and the endless editions that were then pub-lished, he introduced the charms of the grand perspective element of the sublime and the and it is important to distinterrifying. Robert Adam folguish exactly what it is that it lowed the Pirancsian conven-is intended to show. The main tions in his impressions of the that does not yet exist. By drowing from one viewpoint according to the established conventions of linear perspective.

ventions of linear perspective it day for competitions and archiis possible for an artist to give an exact impression of the proposed building from the plans, mous range of public huildings. There were 97 designs sub-The result is often less mitted for the 1835 competition prosaic and is coloured, embel- for the Palace of Westminster lished or presented in a way that and during the huitding boom is designed to sell the idea of year of 1857 there were more the new building to the elient. than 60 competitions.

In his book Stamp gives a It is clear that Gavin Stamp quick run through the history of has favourites among the the art from the earliest per- artists with a strong preference spective oketches of John for the works of William Walcot Thorpe to the elaborate and who is described as the glorious Bowering of the Edwar-"greates( British architectural draughtsman of the 20th

agree; he recently described Muirhead Bone as the finest architectural artists since Piranesi. The book bears out these flattering claims by the sheer visual pleasure of its pages. It also demonstrates the riches of the collection of the RIBA, which has in 21 Portman Square, London, one of the hest collections of architectural

drowings in the world. Collecting architectural drawlngs is now a serious husiness for the private collector with both Christie's and Solheby's baving special advisers in the field and regular sales. On Thursday afternoon 193 lots come nnder the hammer at Sotheby's and it would be an idle collector indeed who did not make the journey to Bond

Street.
There is a chance to buy a design by Adam for a fire place King. and a small watercolour of a Arc rustic lodge.

and a bell in perfect perspective ing for an office block by the

teacher of the art. The sale looks strong on neo-classical drawings, with some projects commissioned by Napoleon and some fantasy palaces hy Gustav Heisch. There are several drowings in the sale that could more accurately be described as topographical, many of the more charming ones being early 19th century watercolours by talented amateurs.

The most interesting and important watercolours are the by A. C. Pugin and the single view of the north façade by Charles Moore. These were commissioned by George IV from John Nash to commemorate the re-modelling of the buildings, and ore part of the set of 42 known views. They show how civilised George IV was with his insistence on the inclusion of the original Pavilion by Henry Holland in

There are curiosities in this sole: a watercolour of the North East Front of Findlater and a recent drawing for the Castle in Scotland in an extension of Fort Belvedcre at intriguing castellated style. Windsor Great Park for the Castle in Simple and pleasure.

Architectural drawings fulfitt their dual purpose—art and To parallel the interest in the social sistory—as wall as being are of perspective there la an good investments for the col-important study for methods of lector. It is even possible to drawing tables, barrels, urns huy a signed competition draw-



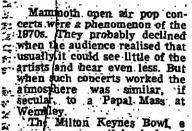
### Queen/Milton Keynes

New Chamber opera

dull despite the

horrors of its plot

#### **Antony Thorncroft**



grassy arena, well banked and sited somewhere within that myofery of o town, proved the idea backdrop for a very pleasant concert on Saturday. There were enough people to keep the promoters sane but no too many for comfort. The weather was ideal, the facilities fulctioned, and if the audience lacked the ontrageousness of o decade ago it was good himoured, And to top the bill, to set the sun and bring on the ights, there was Queen, the kind of long-running showbiz bindwagon which might hove ben created for such grand drasioos, The pretentious parts of queen, best illustrated in songs

ke "Bohemian Rhapsody," a numph of packaging over conent, come into their own when performed on a vast stage with igh catwalks, plenty of scaffolding to clamber over, and a lighting and sound system so comblex and competent that more steadily stripped off (he actually technicians are employed to topped her by going top-less) control it than a NASA moon Mercury stretched and sprinted,

Ross earlier in the week, he and a lot of hard work. Queen at the Venue.

Opera run, the curtain rose

promptly, and the house lights

sayed under control for the

full length of the evening-un-

n'echanical failures arose to

par wbat was therefore a per-

in its three leading roles, at a

strength bardly to be imagined

surpassed Peliens-lovers, and even those other mortals who

think they find the opera

entirely resistible, should be

three remaining performances.

mar what was therefore a per permitted to feel, during the formance of high distinction, unfolding of any opera but simulated with a masterly especially of this one, that it is

plend of tact and vigilance by not a Producer's Concept that

Silvio Varviso (though first is being drummed into the oboe falterings sometimes audience, but a drama of blurred the textures) and cast character resonating with subtly

pressed to visit one of the a glancing lightness of response

ke at the first night, no



Freddie Mercury in action at Milton Keynes

It is the perfect setting for place, singing miraculously in

Pelleas et Melisande/Covent Garden

Max Loppert

lines of dramatic development

engendered a kind of fine-grained singing-acting ensemble that is normally to be bad only

in small-house opera perform-

ancest bow marvellous to be

varied intensity through the house. Miss Howells's Mélisande and Mr Allen'a

Pelléas, played together already

quite often at Covent Garden,

achieve in their scenes together

that flicks beams of illumination

mix the new songs with the old cieverly and although I find some acheingly boring others, like "Fat bottomed girls" and "Another one bites the dust." are good pop songs made even better by Queen's polished orchestrations. In Brian May Queen has a competent and dashing guitarist and, helped by keyboards and tapes, the sound which has sold 40m records, a sound which blends, at its best, potent 60's pop riffs with crafty 70's electronics, gently but spectacularly brought on the

Before Queen, and in nice contrast, appeared Joan Jet and the Blackhearts who blast out cover versions of rock classics. The band was better than the sound system and Joan Jet, as an American, bas a good ear for old British pop songs. She gave the Gary Glitter revival a hig boost with her version of "Do you want to touch" and all in oll was better value than her hit record "Long live rock and roll" suggested.

Monday the lugubrious Nico, an Andy Warhol creation, appears at the Venue, and Willie Nelson, at 2,30 pm. the respectable face of country music, at Hammersmith Odeon. He carries on through Tuesday when he competes with Kid Creole and the Coconuts, purthe grand gesture, the powerful tune and supported by a band veyors of chic funk, at the posture, and Queen's singer which can afford the best sound Lyccum and Marianne Faithfull, Freddie Mercury did not fluif system going and gets it.

A contemporary Nico?, at the Mercury does not bother much Dominion. On Wednesday, Tom an army trill sargent in a with chat but communicates Verlaine, who with Television white outfit which, like Diana through a little sexual innoendo produced some class songs, is

Debussy's vocal writing. A final

bouquet for Miss Howells-last

night, with voice in close focus and presence piercingly poetic at every moment, she was

### Rattle/Festival Hall

### David Murray

Friday, supported by the Philharmonia, in Stravinsky's Symphony of Psalms, and the surviving torso of Mozart'a Mass in C mlnor, Stravinsky came first; the strength and alertness of the choir — younger on average than most such bodies in London — made themselves At last Thursday's Pellcus, The way Gabriel Bacquier, from text to music and back third of the current Royal Anne Howells, and Thomas again.

Opera run, the curtain rose Allen drew and extended the The greatest strength of felt at once in the opening movement, taken at a rattling speed. An aspect of that music Bacquier'a magnificent Golaud the sense of humble pleading, (much more sung, last night, bowever fervent - was oocriand less shouted) is its control ficed, certainly, but the up-tempo drama was cogent enough. Over the forceful of and then outburst of violence; he cuts through the webs of choral demands, the woodwinddelicate suggestiveness woven by the other performers with and-piano garlando took on an electrical crackle, and the temperate fuguing of the second terrifying directness. What is distinctive about this revival is its marriage of just acting with movement came ao a meosured generous singing-no precioua toying with the phrases, but a delivery to underline bow much sheer opera there is to find in

response. To the third and longest movement Rattle brought the expected physical excitement (the "Elijah's chariot" passages went of a fine gallop), but be braked punctiliously for the great coda and so concluded in a state of grace. The chant woa as delectably matched in the beautifully sustained, though "Domine Deus" beautifully sustained, though

Simon Rattle conducted the the wonderful lift of the tenor London Choral Society on line to high A-flat went unnoticed: surely that isn't what Stravinsky's 'non cresc' was meant to mean? Ideally, the choral descant of the woodwinds is more magical when 'smoother, too-but smoothness is probably not a virtue faat Rattle prizes highly. There was enough muscular intelligence in this performance to make its own points.

Rattle'a reading of

Mozart Mass was comparably tough-minded, which is not to say stiff or insensitive. The main dramatic blocks were sbarply cut, and he secured orcbestrol balance of notable refinement. The leading soloist Margaret Morshall was joined at short notice by Felicity Lott (who was awarded the "Loudamus te," leaving the "Christe cleison " and "Et incornatus" to Miss Marshall), both in meltingly lovely voice. They supplied a sensious element that was needed in this tender ond uxorious score (designed for the soprane who was Mozart's wife) and were

### A Dybbuck for Two People/Almeida Theatre

Action commences, appropri-

A "dybbuck" is a lost soul, Almeida Festival. hovering between heaven and earth. In the old Jewish legend that provides the basis for this play, Hanon, a student of religion, becomes entranced by beauty. Story-telling follows the the mysteries of the Cabal, that esoteric strain in Judaism which dwells on the mystic taking the part of Leah, a young power of number. Experta may girl, hopelessly in love with the understand the deeper implica- hapless Hanon. She is betions of his frantic computations, though it is not bard to find - analogies with the Christion tradition, notably in

The first stage version, The Dybbuck, by Chalom Anski, appeared in 1917, drawing on the folklore of the Hassidim in his native Russia. This has been adapted and directed by Bruce Myers as a modern two-hander, Myers himself darting with consumate skill between student. rabbl, grandmother and others among the original 30 strong cost. The result is o bizarre mix-ture of oocial history, comedy, sentiment and spirituality, which offers more food for contemplation in theory than it does on stage. It stands as theatrical centrepiece in the current, stylistically innovotive,

Faust.

ately, on Friday night, as the wife ladles chicken soup, and husband applauds ber skills and meal and the pair become aclors in their own tale the woman trothed to another and the drama reaches its high pitch when, at her wedding ohe be-comes possessed by the "dyb-buck" of the dead Haoon. Myers launches unto a comic tour-de-force as the girl's father, speechifying to family and friends while Leah prepares to wed the man of his, not her, choice, Every facial twitch, the slightest gestureo carries

Josionne Stoleru plays the

and admiration he evokes throughout fail to creote a con-vincing dramatic whole. De-

spite a strong desire to be

moved and a moderate level of interest in the subject matter. I

woman, a last minute substitute following the withdrawal, for personal reasons, of Miriam Goldschmidt. She was patently ill at ease, for though she had worked with Myers in France, this was the first time she had performed the play in English. Her delivery was frequently inaudible, and she required constant prompting from ber untiring co-performer.

#### Pimm's Press Award in RA Summer Exhibition

Her Folding Screen by Audrey Simpson is the unusual exhibit which has won the £500 Pinim'o Press Award in this year's

the slightest gestureo carries the force of an overwhelming tion.

personality. But the amusement Por several years Pimm's have provided drinks on the have provided drinks on the press Day and since 1980 have also donated a prize for the artist whose work receives the maximum oumher of poiots awarded by the critics remained intellectually. emotand journalists attending the ionally and spiritually unpress view. The winning screen touched. received 88 points from the members of the Press.

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MICHAEL BLAKEMORE. ST. GEORGE'S SHARESPEAREAN TO O1-60T 1128: Peris 7.30 pm. TWELFT NIGHT in repertoire June 3. 4, 5, 11 12 with MACGETH June 10, 17 & 16.

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5 Sat et 2.30. Limited number of soot
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WESTMINSTER, CC 834 Q253, HANNAH GORDON, GWEN WATFORD: FAUL DANEMAN, JOHN CARSON IN THI JEWELLER'S SHOP by Pope John Pro II. Ever 7.45: Mats Wed & Sat 2-30

#### F.T. CROSSWORD PUZZLE No. 4,890

1 Corrupt junior officer takes nothing to the navy (6)

8 Quickstep sounds like mine with a gentle beat (7)

in North America (2, 8)

13 Shortly include direction to

(5, 3)16 Intent warning, perhaps, for

(5)

21 Fair success in examination in critical position (6, 4)

ing story (7)

25 Go to road junction with

DOWN

at back (9)

5 Mean to stop (5)

6 Work of machine or painter? (7) 21 Stick to former note (5)

7 Worker's defeated easily (5, 22 Note on instinct that's worthy,

4) put in (9)

13 Not required to break up replacement (5, 4)

3 Put in fresh order for stove 17 Criticise expert with a cure

The solution to last Saturday's prize puzzle will be published 2 Female supporter opposed to 15 Writer to nolice a sort of with names of winners next a party making bold show (7) square wagon (4, 5) Saturday.

19 Bribe artist to vote against

singer (7)

of credit (5)

RNATION HATHEAD pears every Chursday The sugar

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Visa 636 5903. 65 Amphisants avail for ell parts i Moo-Saib from 10 am on the day. The ROYAL OPERA OAT's \$ 5.45. 1 hr before perf. subject to be callability. Tomor & Tober et 3.50. La diametric. 11 750. Wed & sait 1.00. Pelleus at 1.00. The ROYAL EALLET of the classic. The Firshird. EALLET of the classic. The Firshird. Trybuss. (World Premiera). Las Nocal-Treate. Closed 10069. CRITERION. Air-cond. 930 3215. CC 3T9 5565. Geo reduction 636 3962. Mon to Thur 7.30. Fel & Sat 0.00 & 6.45. Over 300 performance. DARIO FO'S COMEBY CAN'T PAY? WON'T PAY! Studants :all seats £3.50. DRURY LANS TREATTY ROYAL CC. 01-836 9108. Opp sales 379:5061, THE CURRY PAMELA STAPHENSON GEORGE COLE ANNIE ROSS IN THE PIRATES OF PENZANCE EVER 7.30, Mars Wed & Sat 3.0, Credit card Hosline 030 07:31. DUCHESS, S CC 01-836 6243. Monday-Thursday, 27 6.0. Friday & Saturday 6.0. 8.30. YICTORIA WOOD and THE GREAT SOPRENDO IN FUNNY TURNS.

FORTUNE 036 2238, CC 01-200 0200. Hunter Thompson's FEAR AND LOATH-ING IN LAS YEGAS. Eves 8.00. Fri & Sat & & 9. 83- open 0 pm. Fub prices, Mats all seats ES. Mats all seats ES.

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YEAR OF THE LONGEST-RUNNING
COMEOV IN THE WOOLD. NO SEX
PLEASE WE'RE BRITISH. Directed by
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3.00 pm. Credit Card Molline 930 0731.

WYNOHAM'S, Air-cond, 636 3028, CC 370 5556, Gro reductions 836 3062, Moo-Fri 7.35, Sat 4.50 & E.DO. Wet mat 2.30, Record UK run for any Miller olay, Must and July 31, COLIN BLARELY, ROSEMARY ALL MY BLARELY ROSEMARY ALL MY SON2, Orected by Michael Bintemore.

ACROSS

4 Put an end to drink (6)

9 In this way a combine is on the wing (7) 11 Way novelist comes to flower

12 Relax command when relieved

pass out (5) 14 Private corruption nonsense

clannisb type (8) 18 Got up by new-farigled siren

20 Have inclination to go spare **(4)** 

23 A Roman Catholic in Utial body (7) 24 Butler in picket—an improv-

composer (6) 26 A great many are not related 10 Batting played for time when

1 He satirised the fleet (5)

### FINANCIALTIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY Telegrams: Finantimo, London PS4. Telex: 8954871 Telephone: 01-248 8000

Monday June 7 1982

### The need to be reasonable

night's resolution in the United Nations Security Council on the Falkland Islands crisia is not serious warning that Britain is selves. already risking the alienation of international opnion by appearing to pursue a policy towards the islands which in the short run is too exclusively military, and which in the longer run seems to rule out many of the options which might be internationally acceptable and politically negotiable.

#### Lesson

The resolution, calling for a ceasefire, was in the event vetoed by Britain and the U.S. But the British Government would he well-advised to take note of the fact that Japan voted for the resolution—had it not done so, the minimum quorum would have heen lacking, and no veto required; and that after the voting was over the U.S. announced that it had had second thoughts, and would have preferred to abstain, if last-minute changes in instructions had been received in time. The lesson to be drawn is not that the British Government was wrong to use its veto-there are valid objections to be laid against the resolution as worded, as even the Americans continued to concede after the vote had been taken—but that if it is onposed by one of the major industrialised countries, and if it is beginning to see an apparent weakening in American support, the explanation almost certainly lies less in the words of the resolution itself than in the tone of recent British Government pronouncements.

#### Danger

Given the inflexibility of the Argentine junta, and its stubborn refusal to comply with the initial UN resolution 502, which called on them to withdraw from the Falkland Islands, there was always a danger that the UK would find itself obliged to drive them off by military force. But military action by itself leads in totally the wrong direction unless it is coupled with reasonable long-term diplomatic and political aims. Since Britain has no conceivable political aims must at the very principles.

least hold out the possibility that account can be taken of Argentina aspirations, as well as of the views and interests of in itself a tragedy. But it la a the Falkland Islanders them-

These principles of political

reasonableness were fully reflected in the draft agreement which the British Government published on May 20 and which it said it would have been prepared to accept if the Argentines had not rejected it. Since then the British Government has withdrawn its negotiating offer and, according to the latest public statements, has increasingly appeared to espouse positions which would exclude any concessions to Argentina. The most extreme expression of this berdening exclude British line came yesterday from Mr Cecil Parkinson, from Mr Cecil Parkinson, chairman of the Conservative Party and a member of the War Cabinet, when he said that the British Government could not consider any deal "which diminished our sovereignty in any way" and implied that it would not concede to Argentina
"any place in the future of
those islands."

#### Casualties:

This is entirely the wrong approach and, if it is adhered to, it will have a number of counter-productive consequences. In the first place, it gives Argentina no incentive for a voluntary with-drawal of its troops from the islands and thus maximises the probability that there will be heavy casualities on both sides which might yet, even at this late stage, have been avoided. Secondly, by narrowly exclud-ing any option which might take account of Argentine aspirations, in advance of any negotiations, or of any consultation with the Falklanders on the islands, the Government is affenating international opinion. Thirdly, hy apparently limiting itself to the military option. and by alterating international opinion, it is maximising the probability that what it gains by force it will have to keep by

. The Task Force was sent out. two months ago in the defence Britain has no concelvable of principles which much of the interest in perpetuating a state civilised world could endorse. of hostility with the Argentine. It is not too late for Mrs these long-term diplomatic and Thatcher to reassert those

### Another kind of summit

AFTER the glitter of Versailles heen calling for something that another kind of summit meeting many eastern European will gather on Tuesday when economists have vainly will gather on Tuesday when the Prime Ministers of the 10 Comecon countries assemble in

As in the case of the western gathering, the Comecon leaders will have to wrestle with in-creasing economic roubles. No doubt, some sharp words will also be spoken. But there the similarity ends. Outwardly, the show of fraternal unity is sure to be preserved and little materially significant information is likely to filter out.

The problems confronting the Comecon and its members. none the less, are well known. Internally, trade relations hetween the senior member, the Soviet Union, and its eastern European neighbours are undergoing structural atresses. Externally, the burden of western debt is weighing upon the Comecon states, and the threat of western embargoes or partial embargoes must be ever present in the minds of Communist planners.

### Hegemony

It is the smaller members of Comecon who have felt the brunt of the pressures. Last year, their terms of trade against the Soviet Union deteriorated by about 7 per cent; the trend has continued in 1982. That is both a reflection of Soviet hegemony and a function of trade patterns.

In intra-Comecon trade, the amaller industrialised members are largely exporters of manufactures; the Soviet Union provides energy, and above all oil. And whereas the price of Russian oil delivered within Comecon has been allowed to edge up towards the world price, prices of manufactures traded within the system have risen more slowly.

has likened the pattern of and political waight of the themselves to he played off Soviet Union, to that of a Euro- against each other. Community suddenly oil prices.

from Polish Finance Minister, has habitants.

advocated for a long time: that Comecon enterprises should be allowed to acquire and spend the currencies of Comecon countries.

Taken to its logical conclusion that means by-passing bureaucracy and increased free dom from the straitjacket of a step towards tackling the notorious inefficiency of

Comecon industry. But for tt to be taken, profound political objections would have to be swept aside. The fact that the Começon leaders will be meeting in Hungary might provide them with an object lesson of how a socialist market economy can work, but not many of them are likely to take to it eagerly.

Yet with economic stagnation staring them in the face and the virtual drying up of western credit after the Polish debacle, Comecon leaders must look for a way out of the economic cul-de-sac. The largely western-financed dash for in dustrial growth has slowed to a crawl or even stopped, not least because the West itself is in

### Repression

The usual answer of Communist regimes has been to try to solve problems of this kind on the backs of the people as consumers. Poland can be cited as an example of the inherent dangers; but Polish events can also be read in another way. Popular ferment ended in military government and repression—as in every previous instance when a Comecon country got out of

That holds a lesson for the West Prudence demands the most cautions vetting of any requests for further credit to Comecon, be it financial, he it A disgruntled East European linked to exports. Western countries, however hungry Comecon, including as it does their industries may he for exthe disproportionata economic port orders, must not allow

pean Community suddenly Beyond the needs of saddled with U.S. membership. prudence there lies the political In practice the lopsidedness is argument that the Soviet block even greater. As the chief is in such a mess that a refusal source of Comecon's oil and gas, to do business with it will subthe Soviet Union plays an Opec-stantially weaken the regimes. like role to the other members, That argument is dibious. The even though it has partly case for maintaining the cushioned the effect of higher embargo on goods of immediate strategic importance is un-within answerable. But a more severe Comecon has not stopped at the clamp down would hit not so matter of pricing and the terms much the regimes of the of trade. Mr Marian Krzak, the Comecon countries as their in-

OUNTERTRADE has increased, is increasing, and, in the view of many businessmen and some governments in the industrialised West, ought to be diminished. But it looks as if they are fight-

ing a losing battle.

The same deanth of hard currency and credit which have led the Communist bloc to insist on countertrade is driving many other countries in the same direction—ranging from poor Third World countries like Kenya and Columbia, to rela-tively poor West European countries like Pontugal, and to cash-strapped oil producers like Indonesia, Nigeria and Iran.

No country can be confident that it is immune from the effects of countertrade, which is fraught with complexities and the unexpected. A classic case was the sale of a Control Data computer to Moscow. The U.S. company was paid in a variety of paper products, including Russian-made Christmas cards. A howl of protest went up from surprised UK card manufacturers when the Russian cards turned up sometime later on the British market.

The overall magnitude of countertrade is very hard to pin down. It is a traditionally shadowry area in which deals are often done under the table and pass through more than one agent, and in East-West at least no Comecon country likes to advertise the fact that the only way it can offload its goods is in countertrade. Nor does any Western company like to acknowledge that it has been forced to accept countertrade in return for its

But a recent study by Organisation of Economic Cooperation and Development pnts the current level of countertrade at around 15 per cent of Western exports to Comecon. The U.S. Commerce Department reckons countertrade will amount to 10-20 per cent of total world trade in the 1980s.

Those guardians of the multilateral trading system at the OECD, GATT and the International Monetary Fund see in this growth of "bilateralism" in essence barter, a real danger to the post-war system and the possibility of a return to a 1930s-style breakdown.

It is not necessary to be as apocalyptic as that to ace the perils and pitfalls. Sensible countertrade, of the longer-run variety that often goes under the names of industrial co-oper-ation or buy back, can suit all

But all too often everyone deliberately overprices its exports to pay for the subsidy it must use to dump shoddy trade: The Comecon or Third World country has been over-charged, and the Western company finds itself saddled with unwanted goods. The only winner may be a middleman in, say, Vienna or London who, with quick footwork, can make a fat profit for getting rid of counter- slightly.

change of goods — is much more sophisticated these days. COUNTERPURCHASE is

COUNTERTRADE:

HOW IT WORKS

its most common form. Countries buy Western goods at a commercial price for hard currency. But simultaneously the Western company agrees to buy local goods of up to 100 per cent of the value of its own sale. BUY BACK agreements are another variation: a Western exporter (usually of largescale capital plant) commits itself to buy back—or get paid in goods produced with his machinery.

SWITCH deals are an genious somewhat bastardised form of countertrade. They take advantage of the non-convertible currency surpluses that Comecon countries accumulate with each other or with many Third World countries in bilateral "cleartraders buy these surpluses at a hefty discount and use them to switch goods on to the world market.

trade goods.

The truth is that countertrade has become just another element in export competition, in addition to price, quality, delivery. Those companies most willing to accommodate countertrade demands are most likely to get business.

The East-West trade figures show this clearly. West German companies, like Hoechst, Bayer, Mannesmann which have proved the most flexible on counter trade, are streets ahead, while the British and, for that matter, Americans who tend to throw up their hands in horror when countertrade is mentioned, lag far behind in Comecon markets.

But it is in the Communist hloc that countertrade has taken deepest root and so far presented the higgest problems. And it is where most of the world's top countertraders have cut their teeth. Banter, the exchange of one

type of product for another, has always been the characteristic feature of intra-Comecon trade. He is hardly surprising that, denied western credit and drained of hard currency to service old debt, Comecon countries should now be vigorously extending this "bilateralism to trade with the West. "Countertrade is their last oses out: a Western company resort, after money fails," in East European trade.

Romania is the most adamant. countertrader in Comecon. By a 1980 law it theoretically demands that a Western company buy Romanian goods of In practice, this can be modified

Very broadly, other Comecon countries can be put in the following descending order of stringency with which they demand countertrade: Bulgaria, East Germany, Czechoslovakia, Poland, Hungary, and the Soviet Union

**EAST-WEST TRADE** 

The rise and rise of barter

By David Buchan

Traditionally, the Soviet Union and Poland have focused their countertrade on big inindustrial buy-back deals where by Western companies sell energy, chemical-mining capiequipment and get paid back in the resulting oil, gas, chemicals, copper and so on. Such deals are hy no means trouble free. Western com-panies can find themselves buy-trade will be demanded.

goods, is now demanding precisely that from some Western The level of countertrade varies not only from one Comecon country to another but also from one Western export to another. If certain Western goods are considered absolutely wital —U.S. grain for the Soviet Union for instance—no counter-

Few countertrade deals are now of the jets-for-jam variety. It might be

better if they were

ing back the end product at the wrong time for their own markets. But these arrangements are usually less proble- or luxury goods or if there is matic than the far more fre- insufficient hard currency altoquent one-off deals in which a cated in the Conceon's five year sales.

Western company has to counplant to pay for them, will now To get rid of unrelated terpurchase a product quite attract counterpade demands counterpurchases, a number of the bloom British counterpage. unrelated to its normal line of business.

But a whole range of other Western exports, particularly if they are considered consumer

demand, a Western company is have For obvious reasons, Poland interested in the widest pos- Europe's lead and set up their has recently had to go hack to sible choice of goods from own countertrade departments. hasic barter, while even the which to draw the most market. Typically, they comprise 5-6 Soviet Union is demanding a able counter-purchases. Equally, people, with East European slightly higher percentage of the Comecon country is in-contacts and languages at their 100 per cent of the value of counter-purchases. For instance, terested in restricting this finger and tongue tips. The barter" division. The aim of whatever it sells to Romania. John Brown and GEC of the choice to those goods which it tricky job of these people and all these institutions is to put

panies to do their marketing for them.

equipment they are supplying for the Siberian gas pipeline, A measure of the rise in Few countertrade deals are variety (or Viscount aircraft for Polish hams, as happened in the early 1960s). It might Hungary, until recently the only East European country to frown publicly on one-off counbe better if they were. Hooked ter-purchasea of unrelated on the philosophy of compre-hensive industrialisation — as indeed are many Third World countries-Comecon is trying to offload more and more of its machinery and machine tool overproduction onto world markets. The exception is the Soviet Union with its vast and still unfilled industrial needs at

> Lucky is the company which has a natural need for East European products. Cadbury Schweppes, for instance, buys agricultural produce in Bulgaria and ICI buys chemical inter-mediates from Romania, and both companies say they would be doing this, countertrade demends or not. Rank Xerox, on the other hand, is one of a much larger category that needs little from behind the fron Curtain. Rank Xerox buys some lenses from Poland and electric motors from the Soviet Union for its copiers, but these amount to less than 1 per cent of the value of its Comecon

ttract countertrade demands counterpurchases, a number of Once hit with a countertrade the bigger Buttish companies followed continental

the best Comecon goods and sell them — preferably as far afield as possible.

Romania demonstrates more clearly than any other country the pitfalls in countertrade that await the unwary. It has built up a wide machinery sector, ranging from machinery to tractors to transport equipment, which it is trying to sell abroad by countertrade

because of poor quality, but mainly because of what one countertrader who specialises in Romanian goods describes as "virtually non-existent" after sales service, these goods can only be sold at up to a 25 per cent discount.

The Romanians must know this, but will not admit it publicly, as British Aerospace has found to its cost. Indeed, BAe is too embarrassed to talk itself, about the countertrade terms of its 1979 multi-million pound deal to assemble BAC 1-11 air craft in Romania. That agreement required BAe to put hard currency into a special account to subsidise the export price of its Romanian counterparchase

Two Romanian officials along with two BAe executives have the power to decide what counter-purchases should be subsidised out of the account The Romanians have refused to allow any subsidies to be paid out so far, thus stymying the countertrade, to considerable bitterness on both sides.

BAe was very anxious to see up that deal which took years to negotiate. Once it came to finding an engine to power fire BAC 1-11 airframe, the Roman-ians could less afford to finigle and they gave Rolls Royce more require RR to make its best endeavours to counterjus chase up to 50 per cent of the value of the zero engine contract over a more flexible period of time than that given like

In the face of deals like this, Britain's policy is hear no evil and speak no wil of countertrade, or as Depirt-ment of Trade officials put it we neither encourage nor is courage it." In practice wis means the ECGD allows to mention of countertrade in its financing agreements.

Despite, or perhaps because of, this bland policy of official indifference, countertrade s dearly growing, and more people are trying to get in or the act. "If you can't fight countertrade feature it." Mr David Nevill of Cadbury Schweppes advises fellow businessmen. Malcolm Williams of Kleiuwort Beason believes that counter trade has now become an es tial service for banks to offer their clients. Massey-Ferguson

believes countertrade is the wave of the future. A month ago, it set up a new "trade aid barter" division. The aim of UK are being required to buy cannot offload in direct trade. those in the specialist counters akills, hard learned in Eastern per cent of the value of the countries force Western com- Munical Paris, London is to get rest of the world.

### Men & Matters

### Pvm's number

Summits are trying and tiring affairs for all concerned. But Foreign Secretary Francia Pymmust have wondered whether he was going to survive the first 24 hours at Versailles. Anxious late on Friday afternoon to bring news to waiting reporters of the "staunch sup-port" President Reagan was giving Margaret Thatcher, Pym

found the gates to the Orangerie Press centre locked. He and his officials formed impotently without as two rather insourient French policemen explained that the key had been taken away by a security guard who had been called to

an urgent conference. Not even a combative Churchillian pose by Pym-set jaw, eyes slightly bulging— could overcome the strength of the policemen's case that locked gates need keys to open them. So a sweaty and inritated Foreign Secretary climbed back in his car to drive a circuitous three-quarters of a mile to

Yet more troubles lay ahead. Just when his thoughts must have been turning to bed, Pym had to take a midnight telephone call from U.S. Secretary of State, Alexander Haig, who told him that the U.S. would be abstaining on the UN resolution calling for a Fakdands ceasefire instead of vetoing it as the British had expected.

another entrance.

Just as Pym was getting into the morning, Haig came on the line again to say that the American veto had been used hecause new instructions had failed to reach UN Ambassador Kirkpatrick in time.

Then, as the Foreign Secretary was counting sheep at 2 am, the phone rang again. This time it was the Japanese Foreign Minister to explain why Japan had voted for the UN resolution which Britain had retoed.

It is not known whether Pym finally managed to ge his head down-or merely decided that

he might as well make an early irrepressible-schoolboy looks start to Saturday. Irrepressible-schoolboy looks

### Two's company

Politics makes odd bedfellows. Who would have thought the conservative Ronald Reagan and the socialist Francois Mitterrand would have much in common? But officials vow that for all their differences over how to run an economy or over East-West trade, the two men get on remarkably well.

One explanation is that both arrived in power late in hife and clearly enjoy it. Both, too, have ste for the theatre of

And in spite of having four communists in his government, Mitterrand is staunchly anticommunist. He learned to treat them with suspicion white co-operating with them in the hard shood of opposition. In government, he believes, he has them by the ears.

### Sherpa Attall

The French "Sherpa" who pre-pared the way to this Summit was Jacques Attali, President Mitterrand's counsellor for Press piqued economic affairs.

It was Attali who presided Knowledge, they say, is power, over the preliminary gatherings. And the Downing Street and over the preliminary gatherings of officials who picked the routs for the heads of government to follow-avoiding a dangerously rocky stretch here his pyjamas after one o'clock in or an icy patch there—and later ensured the party was supplied with all the essentials for life at tha top.

Attali was the main author of Mitterrand's opening address on technology and employment (he has written a futuristic work in comparison with the liberal himself on the impact of new technology called "The Three Worlds"). Ha also chosa the cooks. It was at the restaurant of Michel Pasquet, one of the four chefs chosen to prepare the concluding banquet, that Attali, with Mitterrand in attendance, had his wedding reception last

With his large glasses and

of Mitterrand's court. Aged 38, mathematician and graduate of France's most elite institutions, his originality and imagination caught the attention of

Mitterrand while in opposition and he nok occupies an office next to the President's at the Elvsée. Attali preaches that both liberalism and Marxism have

failed to provide ways of re-invigorating industrialised societies. His own answer looks to a new model of cuture and technology that also involves nationalisation and which Mitterrand finds seductive. Affali remains a figure of con-

troversy. Bankers and financiers in Paris have never recovered from the shock of his remarks shortly after taking office that bank profits were "obscene." Saudi Arahia protested at comments he made on Islamic punishments. And a week ago he was under fire again for not warning Mitterrand of the danger to the franc of President's unguarded words on devaluation and the European Monetary System.

Foreign Office officials who brief the press at the Summit seem increasingly reluctant to share either. Attendances at British briefings have steadily declined as experienced reporters tired of the regular unhelpfiness and, at times, discourtesy.
Inevitably, Britain's tight-

hipped approach suffered badly spoon-feeding available from the U.S. delegation in the Orangerie press centre. With Secretary Alexander Haig or Treasury Secretary Donald Regan making one or more personal, onthe record appearances each day, it seemed less and less necessary to listen to the routine opening declaration from the British that "We have nothing

much to impart."

Style is almost always as important as content and the often irascible and aggressive rejuctance of Broose value any acknowledge and explain any acknowledge and explain any with the more open approaches available elsewhere.

"Let me not answer the question in my own time," said one Foreign Office man in a rare moment of humour. But more. generally, there was a gladiatorial fondness for point-scoring. "There is no point in pressing s with the object of driving a wedge between us, you will fait," said the main from No. 10 when it was suggested that perhaps the U.S. favoured a more flexible approach than Britain to a Falklands cease-

Francis Pym put in an appear-

ance which was less a concession to the needs of the press than-

a desire to trumpet President

Reagan's continuing support for Mrs Thatcher on the Falklands -a support later tarnished by the confusion at the UN. If that was the high spot, the nadir came with a completely non-controversial but still nonattributable briefing from another senior minister at this gathering. "Get out," showed the Downing Street man as reporters, whose newspapers were unreasonably excluded, tried in fain to get in.

### Parallel path

Canadian Prime Minister Pierre Trudeau's finency in French as well as longer experience in office helped him make up for some of his tack of economic clout on this occasion.

But as a Canadian official admitted, it is difficult for him to do envibing but follow Reagan's economic lead. "You go up an afley bilaterally with a guy who's ten times bigger than you are or you run the risk of being hammered."

Observer

### Some of the worst wounds...



### are the ones that don't show

It used to be called shell-shock. Now we know more. We from that there are limitations to the human mind.

Soldiers, Sellors and Airmen all risk mental breakdor over-exposure to death and violence whilst in the service of our Country. Service... in keeping the peace in Northern Ireland no less than in making war.

We devote our efforts solely to the welfare of these men and women from all the Services. Men and women who have itsed to give more than they could.

Some are only 19, a few are nearly 90 years of age. We help them at home and in hospital. We run our own Convalescent Home and, for those who are homeless and carnot. look after themselves in the community, our Flostel gives permanent accommodation. For others, a Veterans Home where

they can see out their days in peace.

These men and women have given their minds to finds. Country. If we are to help them, we must have funds. Do please help to repay this vast debt. It is owed by all of us. They've given more than they could --please give as much as you can."

EX-SERVICES MENTAL WELFARE SOCIETY 37 Thurloe Street, London SW7 2LL Tel: 01-584 8683 June 7 1982

### FINANCIAL TIMES SURVEY

Monday June 7, 1982

Egypt has a new style of leader in President Mubarak. But eight months on from the death of Sadat, he has yet to offer a much-needed formula for tackling the country's pressing political, social and economic problems.

### Waiting for some firm policies

BY ANTHONY McDERMOTT, Cairo Correspondent

THERE IS a growing mood in Egypt that after eight months in power, President Hosni Mubarak could now afford to relax the cautious and conservative approach that has characterised his policies so far. The time has come, it is felt, for more dash and clan, even if greater risks, particularly in the political field, are involved.

The judgment is not entirely fair. He kept cool and other Arabs, but only with its kept the country together during the extremely tense peace treaty. The result was period after the assassination of President Sadat on that on April 25 Israel, contrary October 6 when Moslem extremists; in spite of the roundup of nore than 1,000 of them last September, were still on the loose and, notably, caused an uprising in the city of Asjut in Upper Egypt in which 87 people died.

in fact, was a tribute. overthow in 1952, that two presients, Nasser in September 1970 and Sadat last October, shoul die unexpectedly and yet the succession of their vicepresient should be smnoth.

M Mubarak made security his top priority from the start and sine he succeeded Mr Sadat has arreted 2,000 Moslem fundametalists. The four assassins an one other platter have been excuted without widespread rection. Yet there have been which suggest that thre cannot be complacency. groups nf religious efremists as well as Comminists continue to be picked His empty presidential ane was shot up by a guard, pparently in protest at the

On a more socio-economic ultimate underlying level, non-commissioned air stability and political continuity force officers on several bases of Egpt since King Faroug'a struck in protest against tha withdrawal of certain privileges which would bave hir thair pockets. They were punished but the privileges were restored. Nevertheless, it was a salutary

> important incident occurred in the Abu'l Saud district in old Cairo. A sewage pipe broke, flooding tha area with effluant. Infuriated, the residents of thia poor area cordnned nff the district for a period, burned tyres and threw stones. The point this minor incident made was that it evoked memories of the riots in Al-zawiya Al-hamra nne year ago. Then several days of street fighting left at least 20

The misery of that area, with its standing water between some standing among the more

ing popular housing of a decade ago, was undoubtedly Moslem religious extremists — but with social facilities so rundown the ground

was fertile for exploitation. Mr Muharak has also been acting under scrutiny from abroad — in particular Israel. Mr Menahem Begin has heen would stay in power — which he has, and whether be would undermine the Camp David accords and the peace treaty as step towards rehabilitation with the rest of the Arab world - which he has not Indeed, Mr Mubarak has said Egypt would be bappy to he back with to what many doubters believed, returned the final part of Sinal, nccupied in the 1967 Middle East war.

bas been reitef at and welcome for his new style after that of his predecessor. indifference at Mr Sadat's death which did not mean approval of the way it cama about, and the mourning which was greater in the West than in Egypt, contained a simple lesson from the Egyptian people to their leader. endless seemingly patience, can turn swiftly, to violence and hostility if they feel neglected, as they did while Mr Sadat basked in international glory with the almost monarchical style of his visit to Jerusalem and his peace treaty

nn public occasions to pay tribute to these achievements of Mr Sadat, who, after all, selected him as successor and was his mentor. Indeed, he had enough leeway. tn. refuse to visit conservative Arah states.

Mr Mubarak has not hesitated

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The first signs of impatience tangible changes in policy, nr indeed definite new policies, On the new president's side amerged over the second priority after security: the economy. The main changes in Mr Mubarak's first and partial Cabinet reshuffle in Januaryapart from appointing Dr Fuad Mohieddin Prime Minister and giving Mr Nabawi Ismail, the Interior Minister, a new jobconcerned the economic team. This, ied hy Mr Abdel-Fattah Ismail, former governor of the Central Bank of Egypt, has not impressed. Indeed, nne month hefore the new fiscal year, and after a series of conferences, position papers and committee

> Indeed, the impression given is that because of political sensitivity-for example, the effects of lowering subsidles on key consumer items, the hread riots of 1977 are always January recalled-nothing impressively different frnm before is to emerge beyond some austerity and closer regulation of Infitah,

> economic policy have emerged.

the liberal economie "open

door" policy. This has raised inevitable questions about the future shape of Mr Mubarak's governmental team. There have been sufficient rumours about the resignations of certain Ministers to suggest that the present Cabinet will at some stage he replaced by what is expected to be regarded as the real Mubarak Cabinet, rather than nne with most of Sadat's nominations intact.

In addition, there is tha question of the positing of Vicepresident (the maio constitutional successor). Mr Mubarak has said that at this atage ha does not feel ready to nominate one (or two), The names most frequently

mentioned are Mr Kamal Hassan the current Foreign Minister but important for his military links as an ex-Defence Minister: Field-Marshal (a recently acquired rank) Abdel-Halim abu Ghazala, the current Defence Minister and a close co-operator; and Dr Mustafa a respected former Prime Minister, whose standing

provide counterpart to the military—on whose support any Egyptian government ultimately depends. In the longer term, Mr

Mubarak will have to look at he political system he has inherited, particularly the role of the dominant National Democratic Party, that of the People's Assembly, and above all at the pervasion of corruption ioto the circles Government, party and senior advisers (among whom the names of some close to Mr Sadat often come up). Here already, the convictinn of a few members of the People's Assembly and the naming of people in key administrative involved. heginning to be felt as not

So far Mr Mubarak has resisted most of the trappings of being Al-ra'is (The Leader). He bad, of course, long enough to study at close hand the effects of the vanities of Sadat's leadership in its latter years, pictures. - although becoming slightly tatty, remain the number of Mubarak's is increasing but on a modest scale. Perhaps the established media, newspapers, radio and television, are most at fault in bighlighting bis every move.

going far enough.

A more fundamental question whether Mr Mubarak, or any other Egyptian leader, would be capable of producing policies which can make real changes. The nature of Egypt's presidential system is such that most questions of policy of any weight are passed upwards to the man at the top, leaving the bureaucracy and particularly if it is headed by a prime minister reluctant to take anything but the mildest poli-tical risk — comparatively impotent. It means, too, that with a new Ro'is who has a different style, it is impossible

The October 6 Bridge in central Cairo recalls the 1973 war with Israel. Dominating the skyline is the Cairo Tower which provides spectacular views over the city. New flyovers have cut a swathe through the centre in an effort to relieve severe traffic congestion

expect new policies too swiftly, hence the growing mood that the volume of words has been building up without

show for it. Recently, after a period of some withdrawal apart from two rather lacklustre speeches, Mr Mubarak paid a "surprise visit" to a textile plant at Mehalla al-Kubra in the Nile Deita, It was clear from accounts and television pictures of the event that both he and the factory workers enjoyed the nuting and that be was prepared to risk public

There is a certain wistful desire to see a second Nasser fo Muharak, which stems basically from a reaction to the Sadat era. The current Ra'is has broadly succeeded in carrying through the two main inheritances from his predecessor — the maintenence of security and the return of Sinal. But so far his hrave assertion in last November's policy statement—"I will not make a promise which

cannot fulfil "-remains because challenged being awaited.

### BASIC STATISTICS

1,000,528 sq km Population: (1982) 44m

**Gross National Product:** (1980) E£16.38bn

GDP per head: (1980) E£376

Trade (1980-81): Exports:

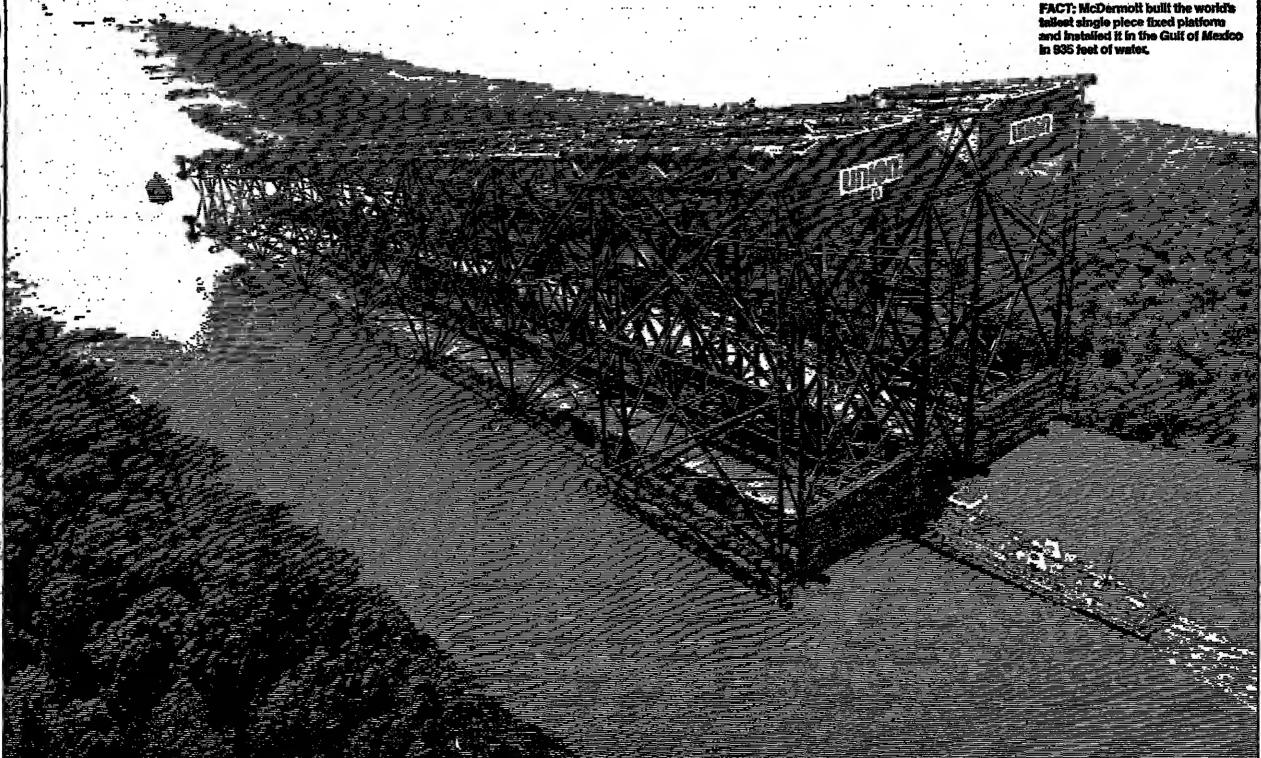
Imports:

Inflation (1982) 25 per cent

\$4.33bn

\$8.57bn

Currency: £ = E£1.47



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BALANCE OF PAYMENTS

(of which oil products) .....

(of which tourism) .....

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Total Assets and Liabilities	1980 161-2	1981 217.4
ASSETS:		
Cash and Deposits with Banks	92.0	112.1
Loans and Advances	59.6	94.7
Investment	1.3	1.6
Bank Premises (less dep.)	. 4.7	6.4
LIABILITIES:		
Deposits and current accounts for clients	96.6	127.6
Deposits and accounts due to Banks	46.8	54.8
Total Shareholders' Equity	12.9	18.9
Total Income	11.1	23.2
Total Profit for Distribution	3.3	6.2

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211 Al Gomhoria Street

Cairo International Airport

El Mohandesin Branch Shohra Branch 15 May City Helwan Branch

El Mosky—Tanta—Damietta—Port Said— El Minia

### Sound base sought to rebuild economy

IN HIS FIRST major policy work—under the welter of con- was recorded. More recently, speech, last November, Presi-flicting statistics issued by however, both the balance of dent Hosni Mubarak said: "In Ministers and in the media— payments and the current responsibility is to build the required for sound economic yet unfulfilled. growth."

ing and realistic compared with mier responsible for that of the late President Sadat, who by his own admission found the details uninteresting. Mr Sadat used to talk in broad terms of how his government was having success in attaining such broad objectives as "prosperity" or "food security," but Mir Mubarak has put things more plainly, identifying more plainly, identifying Egypt's alarming population growth as the beart of its conomic difficulties.

In his November speech he listed the seven main economic preoccupations of his Cabinet

 Rationalising consumption and directing local savings to production and development.

· Housing Subsidies.

 Wasteful public and private Shortage of skilled and trained labour.

● Imports. Strengthening the public

The liberal "open door" policy initiated by Mr Sadat in 1974 would remain, be said, but it would be reviewed to orient it more towards productive activities rather than consumption, "It should," be said, "be directed to produce the basic necessities of the working classes . . . and not luxury goods which are used by an opulent minority.

"The projects we shall welcome in the next stage should be directed to the field of chesp bousing, food production, the provision of low-cost clothing, medicine and furniture . . (and) to producing export

Since then, the problem has been that, only about a month before the next fiscal year begins on July 1, many bankers and economists, local and foreign, find it bard to define beyond broad, logical guess-

Egyptian economy on sound that while it was laudable for earners - workers' remittances, bases in order to be able to Mr Mubarak to have been so oil, tourism, and the Suez Canal realise the ambittous aims on frank about the problems, they which we have all agreed, so were in fact all well-known and that Egypt may invest her re-chronic. Expectations of action have continued to rise by an sources and enjoy the stability have been aroused which are as average of 20 per cent for both

To some extent action has His approach to the economy been taken. Dr Abdel-Razzaq and its problems was encourag- Abdel-Meguid, the deputy preeconomy, and his team were removed in January. The way it was done was distasteful: rather than judging him by the undoubted confusion he caused in some domestic economic circles and the foreign banking community, he was dismissed ecause, it was implied, of a, totally unproven, corruption

#### Experienced

The new ministerial team consists of Dr Abdel-Fattah Ibrahim (Deputy Premier and former governor of the Central Dr Fuad Hasbern (Economy and Foreign Trade), Dr Salah Hamed (finance), Dr Kamal Ganzouri (Planning), Dr Yousef Wali (Agriculture), and

Mr Fuad Abu Zaghla (Industry).
To their credit it must be said that this fairly experienced team bave provided an atmosphere of greater stability at a time in which policy is supposed to he evolving. But while people speak highly of the Agriculture and lodustry Ministers, many maintain that the Deputy Premier has not shown himself strong enough to get his ideas and those of his team heard

inside and outside the Cabinet. · A comprehensive view of how to meet the objectives has yet to appear, beyond defining in greater detail Mr Mubarak's seven points and the need to up guidelines for the 1982-83 budget — and what sort of shape the 1982-83 to 1986-87

development plan should take. Mr Mubarak and his economic Ministers have taken on the burden of running the economy at a difficult time. Over the past five years Egypt's GNP growth in real terms has been averaging 9 per cent, and the balance of payments improving so that in 1980 (the last year before the fiscal year was changed) a surplus of \$1.5bn

the era of peace, our first what policies are to be enacted. account have slipped into deficit The point is made currently as the four main currency - have not performed as well as in the past and as imports

> 1980-81 and 1981-82. Calculations of ponents of Egypt's balance of payments last year vary con-

mately like this: · Current account: the deficit has risen from \$1.24bn in 1980-

siderably but emerge approxi-

B1, to \$2.5bm. Balance of payments: a small surplus of \$142m in 1980-81,

could become a deficit of about \$1.5bn the following year. Exports: over the same period rese from \$4.3bn to \$4.5bn.

■ Imports: by contrast rose

from \$5.5bn to \$10.2bn, although it is possible that measures introduced from April 1 (Decree 119), re-categorising imports into four groups depending on their strategic importance to the economy, may reduce this total. The issuing of letters of credit is being much more closely monitored.

Workers' remittances: amounted to \$3bn in 1980-81. but, as recorded by the banking system, are likely to be down by as much as 10 per cent because of uncertainties created the assassination of Sadat and banking regulations covering imports.

• OIL: in 1980-81, earnings from this sector, excluding petroleum products, reached \$2,75bn. The glut and fall in world prices required a revision downwards from target of \$350, but sales have picked up recently so that earnings could reach \$2.5bn

O TOURISM: brought in \$700m. In 1980-81, badly hit by political uncertainty and might earn \$600m this year. SUEZ CANAL: about \$900m

in 1980-81, may rise skightly this Egypt relies heavily on aid, which provides about 8 per cent of the GNP. The U.S. provides about \$1.1bn, roughly half of

about \$2.5bn remains undis-

bursed but it is boped that

its approach towards its difficulties will come when the budget is announced. Dr Abdel-Meguid, through some unconventional accounting procedures, claimed a surplus of £E142m in 1980-81,

whereas more usual methods had it in deficit to £E1.27bn.

will match disbursements.

Estimates for the current year are even higher, in the range The aim must be to keep this eficit within the same range

for 1932-83, but it is hard to see how this will be done unless some drastic measures are taken, and those in such areas as subsidies of basic consumer goods are politically dangerous. all aid. It has provided about There is In fact little\_fat to \$6.6bn since 1975, of which trim. The main items in the

1981-82 budget were: subsidies

£E2.3bn (plus absorbed by the

3.0 1.9 : 2.4 Services payments and transfers ..... -0.8 -1.2 Current account balance ..... · Fiscal year. within three years commitments Egyptian General Peroleum Corporation, between EE2hn-EE3hn for hidden enery sub-First indications of the serisidies; various Minister have ousness of the Government in said that these will not be cut next year); wages, £2.1bn (these will rise slightly); amed

forces £E1.6bn (almost cetainly

an understatement, this oo is

apparently not to be cut). Debt servicing EE2.4bn (again this

\$4 TO! 484834

1979-80 1980-8P

7.2

-28

4.3

2.7

0.6

8.6

5.4

1.1

0.8

-42

#### might rise). Savings

Some savings will be made through austerity cuts. For example, Mr Mubarak is cuting the Presidential budget by £E2m and the budgets of 11 Egyptian representatives offices abroad would be cut by a quater. But in the overall termsof Egypt's economy this amounts to little more than the equialent of an office memo about be thrifty use of telephones and stationery.

The aim of investment the year is a growth rate of about 9 per cent, and the creation of 400,000 new jobs, but what like behind the impression so fit that nothing much is going change must be the govern ment's realisation that are assault on the basic problem outlined by Mr Mubarak would involve cost increases, a rise inflation (currently running it about 25 per cent), and political risks. Thus, as one fweign economist put it: "Egypt remains today a country sill in search of a policy."

Anthony McDernott

### INCOME AND PRODUCTION

	124	. m,			
A Comment of the Comm	1979	1980	1980-81 (preliminary)	1981-82 (projected)	Growth*
NP (market prices)	13.2	16.4	19.2	21.9	13.9
DP (market prices)	12.4	15.9	18.4	21.6	14.5
DP (factor cost)	11.9	15.5	15.8	17.9	13.5
DP per capitat	303	376	421	469 -	11.4
opulation‡	42	42.2	42.8	44	2.8
abour forcet	10.7	11.0	11.3	11.8	4.4
* Percentage of 198 Note: Fiscal year change	1-82 over 19	80-81. † £E	/year. ‡ In mil	lions.	

### Foreign investors asked to back key projects

### Industry failing to meet demand LIKE A GENERAL inspecting

his frontline troops, President Mubarak has taken to dropping in on key industrial companies. His vanguard of security guards may destroy the supposed element of surprise, but the message is clear: increase production.

The President's vision of Egypt's industrial future was spelt out in a major speech on May 1. He proudly looks for-ward, he said, to the day when most products Egyptians buy will bear the stamp Made in

Egypt. Significantly, the factories he has chosen to visit so far have been in those industries which have signalled failed to meet the country's requirements: textiles, the Helwan iron and steel mill and the Nasr motor company, these last two set up as part of the late President Nasser's drive towards industrialisation.

To meet demand, Egypt has to import about 400,000 tonnes of steel a year out of total consumption of 1.5m. . The planned Dekhella steelworks is due to produce 423,000 tonnes a year by 1985, mainly steel reinforcing bars for the construction industry. By 1986 demand is expected to have risen to 2.5m tonnes. Equally, Egypt's motor

industry meets only about 40 per cent of annual demand of 50,000 vehicles.

There are several reasons why local industries are failing to meet demand. More than three-quarters of industrial production comes from the public sector, formed either by the nationalisation of existing privately-owned companies in the 1960s or by establishing entirely new ones.

by a number of factors. First, the state insists on placing unwieldy and incompetent bureaucracies in positions in adapt to modern management methods means there is no streamfining of organisation and decision making is held up.



A new factory to produce batteries has been opened at Giza, near Cairo, by Chloride of Britain. President Mubarak has urged foreign investors to put their money into projects the country needs

High manning demanded by . impairs efficiency, producing unnecessarily high labour costs and low productivity.

The lack of foreign currency made available to buy spare parts has resulted in poor maintenance of machinery and little investment in new machinery. New machinery for the Mehalia el Kubra textile factory has been procured through U.S. and World Bank

The lack of competition with the West before the "open door " policy insulated Egyptian industry from developments in The public sector is blighted modern technology.

Other problems are the outflow of workers, once trained by the public sector companies. to more kucrative jobs either in industry to which they are the oil States or the private nosuited. A reluctance to sector. Senior managerial staff on low salaries are similarly

temoted. An economie conference convened by President Mubarak

76...

levels in February to discuss Egypt's unions ills heard several calls for the reform of the public sector. So far no specific proposals have been accepted and Mr Mubarak. while endorsing the open door policy, has stressed the need to boost and strengthen the public sector "which is the mainstay

> He has appealed to foreign investors to put their money into projects that the country needs. He identifies key areas: cheap housing, food production, low-priced clothing, medicine and furniture, all to fall within the reach of the masses.

of industrial production."

However, few moves are being made to implement these calls for increased foreign investment. The General Autiority for Investment and Free Zones (Gaifz), slow-moving at the best of times, has virtually ground to a balt. Scarcely any new projects bave been approved in the past six months, the authority seemingly not wishing to take a

decision while the new etan-omic policy is still being worked out. The suspension from duty of the head of Gafa and several department chifs. has not speeded up proceid-

A number of foreign companies have shelved investment plans: Phillip Morris bas decided against its \$250m joint venture with the state-owned El Nar Cigarette Company for two reasons. The first is uncertainty over the stability of the regime following the assassination of following the assassination of Mr Sadat. But more important was El Nasr's resistance to Phillip Morris baving a controlling 51-49 stake in the

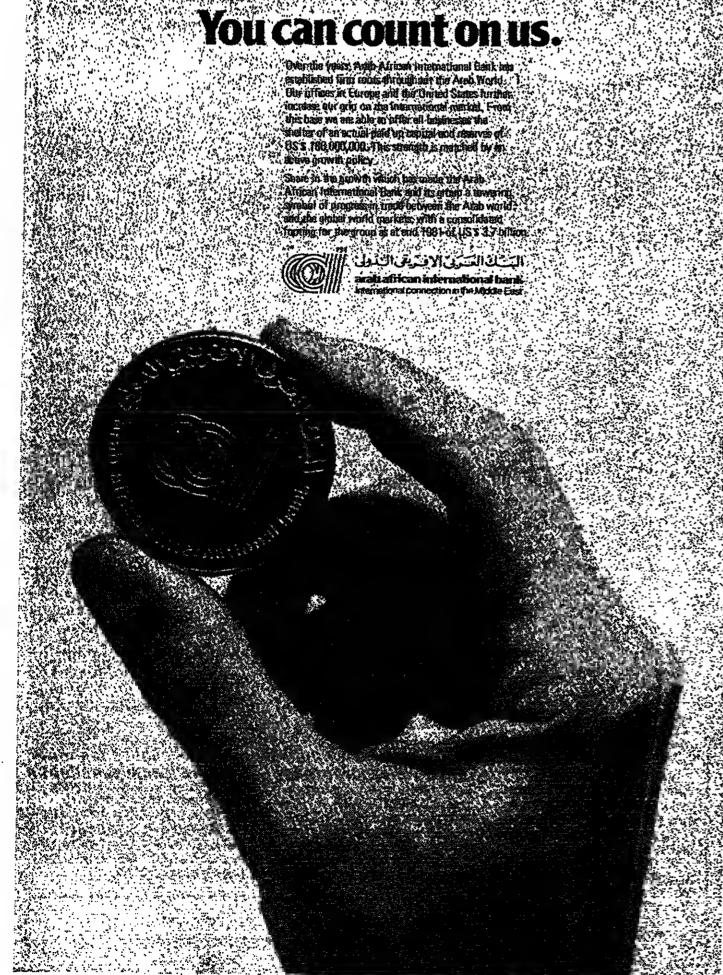
venture.
Other companies have found that joint ventures with public sector companies create enormous problems. Law 43 which lays down regulations governing the setting up of joint ventures in Egypt, stipulates that a joint venture with a public sector company is classified as a private venture, But a number of such joint ventures have found that their prices and manning levels are still controlled by Government as though they were public sector companies.

Pricing policy in the public sector has also taken its toll. Because the Government, for political reasons, has forbidden prices to rise with ests, many formerly successful companies are now in the red.

A failure of the "open door" policy has been in no identifying the priority area for productive investment, partly stem-ming from a confusion over the respective roles enviraged for the public and private sectors.

Further, it encouraged trade rather than investment. New regulations increasing the duty on imported luxury gods have sharply reduced trade in the past six months. So far the Government has done little to satisfy the increased demand other than atter plas for greater productivity to industrial workers.

Charles Richards



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### EGYPT III

Radical groups protesting against social injustices

### Drive against extremists

LAST YEAR Egypt came close to, if not to a form of Islamic revolution at least to a religious upheaval the results of which impunity. bloody and chaotic.

fronically, it was the late President Sadat, assassinated last October by Lieut Khaled Islambouli's squad at a military perade, who probably and somewhat belatedly pre-empted

Sadat's September purge, in which 1,500 Muslem fundamentalists, Copts and political Brotherhood mevement and its more extreme groupings at the time. His successor, Mr Hosni Mubarak, has continued not given figures for the the drive against the Islande number of arrests in their extremists (having released ranks.

The question to be pondered 2,000 or so arrested. As it now is the extent to which the turned out, the organisation government has control, and known as Gibad (Holy War), whether Moslem organisations was successful only in killing ranging from brethren to organisations—with visioners as a country of their publications and month staging an uprising in the Upper Egypt town of Asynt in which 87 people died.

Whether the government has yet rooted out the funda-mentalists is still uncertain, and whether it does will depend broadly on how successful Mr gone tactically underground.

Mubarak is in creating a A key point is that all the political and economic climate In which ordinary Egyptians do not feel a need to return out of desperation, to the sort of violence witnessed last year.

One reason why last year's events came close to success seems to have been because civilian and military intelligence failed to co-operate closely enough. This permitted,.

General Pan

on. Detween

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soldier recruited outside the stituting itself. The arrest of armed forces, even if detected, one of their groups was to return to his unit with announced on May 16. The

There is no means of reading precisely the extent to which the armed forces were penetrated, but Lieut Col Abboud Zumour of military intelligence is currently facing trial (with the death sentence asked for) accused of being head of Ghad's military wing. (He earlier received a long sentence from the military court holding the Sadat assassination trial). apponents were arrested, broke Furthermore, after the killing the back of the Moslem most units were confined to most units were confined to barracks for some time while religious credentials were checked. The armed forces have

> part of their philosophy and Takfir Wa'l Higra (Repentance and Flight), Hizballah (the Party of God) or Quibiyan (named after Sayed Quib who was executed in 1966)—have

A key point is that all these organisations are extremely secretive, and that membership the Moslem brothers includes many pious ordinary people. But the fact is that the government continues to announce the dismantlement of official Daily Al-Ahram that part of its Press

arrest of Gihad groups has also

The government can take some comfort from the reaction to the execution of the five after a 104-day trial before a military court convicted of involvement in Sedat's assas-sination. (The 19 others, convicted or acquitted are now on trial for belonging to Gihad.) It took place on April 15 and was greeted with no response unless one counts a despairing security guard who went berserk shortly afterwards and shot up the empty presidential plane on the ground before committing suicide.

Thus the government is attempting to keep the pressure up by pursuing opponents, and this applies not only to the Right. Since last October about 200 people have been arrested or had long standing cases reexamined—on the grounds of being communist.

being communist. The pressure is also kept up by trials. On May 8, the state secutor demanded the death penalty for 299 defendants accused of belonging to Gihad. A total of 1,225 people were arrested in this case, and their ringleaders are accused of rrying to topple the government, establish an Islamic caliphate, planning to export revolution abroad, and of the attacks in Asyut, Those on trial, interest-

ingly, include 28 fugitives. At the same time, the government has been wooing some of groups. Indeed, in March Mr the Moslem brethren leaders, Hassan Abu Basha, the new such as Mr Omar Temeisani, Interior Minister, told the semi- and permitting the return of



President - Mubarak—he has a more direct and open style than his predecessor

because heards are discreetly creeping back as are the nunlike wimples for the womenis that the religious opposition is attempting to regroup. According to Prof. Saadeddin Ibrahim, who has studied the phenomenon, these groups are now more sophisticated than in the past when they would withdraw for some years after government defeat in a regular cycle. He sees a new pattern in which their leaders are sent to prison, so younger members go underground to develop more swiftly a new leadership, and then re-emerge (with the support of the former leader-

ship). Mr Mubarak's challenge will be to develop a political constituency which could take the initiative from these groups. He has made a good start with a more direct, hardworking and open style than his predecessor So far his internal political performance has been mixed. His first Cabinet reshuffle in January did not impress enormously. The replacement of Mr Nabawi Ismail (the Interior Minister in there of last year's purge, he remains a deputy premier) by Mr Abu Basha was welcomed. The economic team clearly need to be changed, but their successors have not really shone. Dr Fuad

Mohleddin, his first Prime Minister, is at odds with several members of his Cabinet.
In terms of political life, Mr Mubarak inherits a flawed system, which hardly reflects the true political trends of the country. In the People's Assembly, the National Democratic Party (of which he is President having surrendered the position of secretarygeneral to Dr Mohieddin) holds about 80 per cent of the 390 between the socialist Labour Party, the Right-wing Socialist Liberals, independents and appointees. Indeed, it is generally reckoned that the most representative party is the Left-wing NPUP even though it has no seats in the Assembly. However, Mr Mnbarak has

differed from his predecessor in bolding direct talks about policies with the leaders of these parties and has permitted the return of Al-Ahaly (banned three years ago), and Al-Shaab, the weekly of the SLP. Mr Mubarak early on has said, presumably as an aside to both the Communists and religious groups, that no new parties would be permitted.

His problems precede the system Mr Sadat left him and date back to Nasser. neither he nor Sadat succeeded in turning broad political support into participation on the same level. One politician observed that there was now little difference between the NDP and the dissolved single party, the Arab Socialist Union. "Indeed," he said, "with this collection of parties, people know less where they stand."

Anthony McDermott

### Copts co-operating with new regime

minerity is divided over who was the greatest casualty in the events of September and October: their Patriarch Pope Shenouda III, stripped of his temporal power by Sadat and banished to a desert monastery, Sadat himself, or Bishop Samuel whose voice of quiet moderation was extinguished in the same explosion of Islamic fury that

Many of Egypt's estimated 4m Copts accepted the loss of their Patriarch as a necessary · round-up of Islamic extreme ists. Seven bishops and 15 priests were also detained, although most have now been released. Since succeeding Pope Kyrillos VI in 1972 he has championed the cause of down-trodden Copts in the eyes of some, and engaged in dangerous and unwarranted hostility towards the Govern-

ment in the eyes of others. For Sadat there was no doubt. He accused the Patriarch of stirring up sectarian strife and held him in part responsible for the riots in Cairo last year. The Patriarch was trying to create a state within a state, he roared, and gave a warning against mixing polities with religion. A five-man papal ommittee now discharges Shenouda's temporal duties:

Immediately after the assassination many Copts were naturally wary that the new leadership would be less well disposed towards them than Sadat. Many had pros-pered under Sadat's open door, which let in foreign firms anxious to make use of the Copts' traditional linguistic and commercial skills. It was Bishop Samuel how-

as irreplaceable. His diplomatic skills defused many a encounter between Church and State. Whereas Shenonda believed and to date there is no indication his banishment has moderated his view-in taking on the State, Bishop Samuel saw that comwith the regime the Copts' interests

The Copts have some grievances. Because of what they perceive as discrimination in the civil service and

exceptions. The Minister of State for Foreign Affairs Dr Boutros Boutros Ghall and the Minister of State in charge of workers abroad, Dr Albert Barsoum, are both Copts. President Sadat used to Coptic bias in the armed forces with the example of General Fuad Ghali who led the Egyptian assault across the Suez Canal in the 1973

The Copts enjoyed their political heyday in the 1920s and 1930s when they to throw out the British. .

coup d'etat, none of the free officers who staged it was a Copt nor was any member of the 12 man Revolutionary Council which assumed power after the coup. Instead, to give the appearance of national unity the President has traditionally held in his hand appointment to the Parliament of a number of seats, invariably filled by Copts since none are elected.

nationalism had a distinctly Islamic flavour, and full par-ticipation in the movement was denied the Christian

Sadat turned Egypt inwards towards a more insular nationalism. At the same time to counter secular leftist forces he encouraged re-ligious, mainly Islamic groups. The non-Moslem con naturally took fright, and the newly - appointed Shenouda in 1972 led a pro-

in the private sector inevitably made them targets for Islamic militants, angry at what they saw as the westernisation of Egyptian society. To placate the Moslem majority Sadat enacted a constitutional

The growth of Islamic fundamentalism in part accounts for the spectacular resurgence of faith amongst Copts, especially the young. A rejection of the materialism of the age may also explain why the monasteries, 20 years ago on the verge of extinction, are now oversubscribed.

Many Copts regret Pope Shenouda's assumption of political leadership. Of the Coptie community, some feel now is the time to join the of Egyptian polities, in the search for national unity. The first steps towards re-

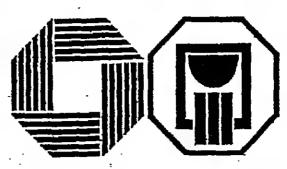
viving the dialogue with the more moderate Meslem-brotherhood have been taken, as a means to reduce tension between the communities.

Charles Richards

#### change that made Islamic "sharia" law rather than a counter charges of antibasis of the law.

united with Moslems in the secular nationalist movement The marriage was effectively dissolved with the 1952

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CONTROL CONTRO

### Militant groups swell in size

President Mubarak continues the fight against Moslem fundamentalists

cintching a folded newspaper
of Islamic green. From taxi
drivers to uniformed guards outside the Foreign Ministry, lower middle-class Egyptians take time off at work o pour over the words of their avourite preachers.

The weekly Al-Liwaa el-siami. The Islamic Banner was aunched in January to propa-zate the official view of the tate religion as part of a govgroment campaign to outflank slamic extremism and lure slamic militants back to the

Traditionally, and above all, it times of crisis the religious stablishment comes out firmly a support of the political egime. In the weeks after the ssassination of President Sadat enior state-appointed shelkhs t the foremost seat of Islamic earning, al-Azhar University, ondemned in the media the slamic extremists as heretics the had deviated from the true

ath of Islam. Al-liwaa al-Islami's initial uccess has been in publishing iterviews with non-establishent religious figures who had

een critics of the former On the eve of publication, the aterun television ran commerials announcing that the first

EVERY THURSDAY thousands issue would carry an interview of Cairenes amble to work with Sheikh Kishk, the blind, populist firebrand preacher who spoke out in his weekly sermons against the social divisions caused by President Sadat's

economic policy.

His arrest last September sparked off angry demonstrations by his supporters which had to be broken up by riot police with baton charges and tear gas. It is of minor importance that in his published remarks he skirted round political issues. His words were seen and read in a Government organ. That was a considerable coup for the new Government.

Another prominent religious figure released from detention by President Mubarak Omar El-Telmessani, a Muslim Brotherhood leader, has condemned President Sadat's assassination. Islam does not recognise politi-

cal assassination, he has been quoted as saying. Although the Muslim Brotherhood has been technically banned since 1954, there are now indications that the Government may my to encourage it as a moderate alternative to more extremist groups. addition, the Government seems to be taking an interest in tentative contacts initiated by the Brotherhood to revive the dialogue between them and Coptie Christian

Over the past decade or so the Brotherhood has lost ground to the more radical youthful university-based Islamic associations, Al-Gama'at Al-Islamiyya who reject the leadership of the mised and lacking in courage. attempted to curb their in-

The Islamic associations are merely the militant arm of a more general trend of Islamic fundamentalism in Egypt, of a belief that the Quran and the savines of the Prophet Muhammad provide a framework for all human endeavour. The militants go further in wishing to create a society based on Islamic principles including the political system, since Islam in their eyes offers a complete prescription for life on earth.

External threats and internal problems have helped swell the militant groups from tiny religious cults to a significant force. If the Arab defeat in 1967, gave them the initial impetus, they gained momentum in the 1970s when Sadat encouraged them as a counterweight to the Nasserist Left and they have thrived on the social and econo-

mic injustices they see around The groups comprise many disaffected, intelligent educated youths, mainly from

families for whom Sadat's

Egypt offered few opportunities

to share in the promised Rakha (prosperity). The ideological bankauptcy of the secular political parties offer no alternative for their youthful entimesiasms. So far the authorities have

September decrees banned the associations from the universities and students are no longer allowed to adopt the traditional garb of Muslim fundamentalists: white robes and beard. He also suspended organs including the mouthpiece of the Maskim Brotherhead, El-Dawsa. At the same time the anthorities are continuing their hearts and minds campaign to discredit the extremists in the eyes of the overwhelming majority of moderate but pious Egyptian Muslims They have an uphill task, how-

The social injustices against which the groups are protesting - overcrowded housing, the social inequalities, the corruption in everyday life, have not evaporated. President Mubarak has ordered studies into the causes of Islamic extremism in Egypt. But once they are identified, will he be able to do anything about them?

Charles Richards

Peacetime policy is yet to be established

### Defence forces seek a role

ties with Israel, Egypt's enemy programmes to provide conmilitary chiefs decided whether to maintain the forces at their step up their involvement in go for high-technology weapons systems with consequent reduc-tions in manning levels.

Over the past year or so the Defence Minister recently pro-moted to Field Marshal, Abdel Halim abu Ghazala, has been talking about reducing the size of the armed forces by up to a third, with savings on salaries of 25 per cent. Modern weapons systems now entering service with the armed forces are not so labour-intensive, he says. He cites as an example the Frenchbuilt Crotale air defence missila which needs 50 technicians against the 200 to man the Soviet system it is intended

Egypt's Army is estimated to comprise 200,000 men, the Air Force about 40,000, Air Defence (a separate force) about 85,000 and the Navy 17,000. Reserves

push the total close to 1m.
But in his address to the
nation on Labour Day. President Mubarak stressed that the armed forces would suffer no cuts, either in manpower or spending for which no reliable figures are avail-

A number of reasons can be found for this apparent reversal of policy. The announcement that one job in three to be cut would he a great blow to morale, particularly among the highest-paid senior officers who would be hardest hit in moves to reduce the wages bill.

Although the Egyptian Army is top heavy with major-generals, the government would be unwise to court their disenchantment. Since the officers' coup in 1952 the armed forces have enjoyed a privileged position in Egypt's political establishment.

In addition is the cost of finding jobs for the 100,000 to finding jobs for the 100,000 to ment of the type of ambitious 120,000 men each year that the cuts would throw on the labour knew that in the armed forces

FIVE YEARS after President market. The army is already his talents would be recog-Sadat declared an end to hostili- engaged on extensive training mised whatever his background. of thirty years, Egypt still has scripts with a skill in the con-special of thirty years, Egypt still has scripts with a skill in the conspecial privileges and allow-not decided on a role for its and liousing sector ances. For example, seven armed forces, the largest in the where the country's shortage blocks of flats for officers' region. Nor indeed have its of skilled labour is most acute. The armed forces are also to

present size based on a pre- civil works. Already the corps dominantly infantry army, or of engineers is building roads and bridges, constructing semi-automated bakeries, and laying telephone cables. And, turning swords into ploughshares, they are now growing food to achieve self-sufficiency.

There is a good reason for this involvement in non-military work. The civilian sector has not fine available manpower whereas there exists in the armed forces a vast pool of under utilised and frequently more efficient labour. Some critics of the scheme see in it an inherent danger. The greater the exposure of the armed forces to the populace, the greater the risk that when the inevitable mistakes are made the Army will become a focus of criticism.

Reluctant

In a different form this has already happened. With great reluctance the Army helped break up the January 1977 bread riots. The burden of suppressing internal disturbances now rests with H-sunn (I-Merkazi, a para-military police force under the Ministry of Interior specially created since then and now estimated to number 100,000 men.

Over the past decade or so, however, the armed forces have seen their social status steadily eroded. Once the privileged élite of post - revolutionary society, with excellent salaries, perks and career prospects, they have been rapidly overhauled by the private sector. A good secretary in a foreign oil company can now earn more than a full colonel. Ironically, their demise is a fruit of their own success in the October 1973 war which created the open-

door climate. The higher salaries in the private sector inevitably have lured serving officers into early retirement and reduced recruitTo compensate, officers get

tion in Cairo. The grievances are not confined to officers. At the begin-ning of the year. Air Force technicians downed tools at four bases. And under a change of regulations senior NCOs had to wait 12 years, rather than eight before qualifying for a commission.

The mutiny over this was

hroken, the ringleaders court-martialled, but their demands

were met, the regulations were

reversed and shortly after-wards the Aid Force's Commander retired prematurely.
Significantly, the strikes were at Phantom and Miraga basis, including Gianaclis and Cairo West, where Egyptian techni-cians rub shoulders with their pampered and highly-paid American and French counter-

parts.
The high degree of technical skill needed to maintain modern highly-sophisticated systems is already proving a brake on their absorption despite their absorption despite repeated calls from the political leadership to speed up arms

deliveries.
The Egyptian Air Force's success in keeping ageing Soviet-built aircraft aloft despite a shortage of spares, some-times leads it to underestimate the complexities of the new generation of aircraft to replace

Egypt is trying to replace almost its entire inventory and the main provider is the United States. Since 1979 Egypt has ordered from the U.S. 40 F-16 fighter aircraft, 35 F-4E Phantom fighter-bombers, 439 M-60
A3 battle tanks, 1,214 M113
armoured personnel carriers
(APCs), and 11 improved Hawk air defence missile systems.

The cost is now running at \$1.3bn a year, with \$4bn already allocated. Foreign military sales credits are payable at 14 per cent interest over 30 years with a 10-year period of grace. Over the next five years, at \$1.3bn a year starting fiscal 1983, the U.S. proposes to assist with the purchase of a further

Egypt has now suggested that

ing, but Israel wants to submit

the decision to conciliation,

where a decision is not hinding.

The agreement on oil between

the two countries under which

Egypt supplies Israel with 40,000 barrels a day, possibly as much as 21 per cent of

ing Egypt a secure market at a time of glut, and Israel a

secure supply.

Talks will start shortly on the

40 F16s, eight hatteries of Hzwk missiles and possibly 400-600. M-60 tanks. Egypt is also keen to buy the Grumman E-2C. Hawkeye early warning radar

aircraft aircraft.
In accordance with its policy of not relying on a sole supplier, Egypt is turning to other countries. France is now Egypt's largest supplier of aircraft, following the \$10n deal for 20 advanced Mirage 2000 to add to the order for Alpha jet trainers. the order for Alpha jet trainers ground attack aircraft and the Mirage V fighters and Gazelle:

Helicopters already in service. Canada is providing 20 Buffalo military transports,
Britain halicopters, ships and
missiles (made locally) and
Spain troop transport trucks. The policy of diversification has its drawbacks, however. Familiarisation with different weapons systems and philoso-phies is a logistical nightmare.

At the same time Egypt is re-viewing planned joint production ventures. It is keen to promote as much local production as possible, and since the demiss of the Arab Organisation for Industrialisation, has much spare capacity.

**Orders** 

Britain is well placed to pick, up more orders. British technicians are already helpfug to recondition and rehabilitate, MiGs and T-55 tanks. And they, also hope to mount the Sovietz made 122mm gun on a tracked.

The defence procurement proramme does not always reflec co-ordinated strategy. .. The purchase of Hawk and Crotale batteries and F-16 interceptors is justified by the declared priority of air defence. The 34 F4E Phantoms already in service and the Mirage 2000 and Alpha jets on order are all ground-attack sircraft which could be used in a pre-emptive strike on enemy airfields.

Despite the clamour for faster deliveries of arms, plans

for using them on arrival ard not always clear. It took a year to incorporate a consignment of M-113 APCs, and many of the M-80 tanks are yet to be de-

Negotiations are reported to be advanced for the purchase of 1,500 VAP amphibious vehicles 1,500 VAP amphibious rehicles from Spain at a cost of \$400,000 each, giving credence to the impression that Egypt's generals are buying the best and most expensive equipment off the shelf.

The purchases could be justified if Egypt wishes to play a wider role in the region. Mr. Abu Ghazala, the Defence Minister, says he wants to maintain a strong Egypt to deter the

strong Egypt to deter the threat of Soviet encirclement by proxy regimes in Lihya and Ethiopia through the Sudan.

Having served for four years in the Washington embassy, he tha dispute go to arbitaration under the Camp David treaty, where a decision will be binda great supporter of greater's military co-operation with America, particularly in the joint Bright Star exercises with the Rapid Deployment Force.

At present, despite the peace; with Israel, Egypt's Second and Third armies are still hased at the Suez Canal since, under the terms of the peace treaty, the Sinai is a limited military zone.
Only a division and some are deployed in the Western Desert? where the threat from Libya; seems to have subsided somewhat since its withdrawal from

To keep the Army happy, however, it may be necessary to give it a role. Although the subject is under review, it is likely to be a guns and hutter army — with a small core of highly trained professional soldiers engaged in the real task of defending Egypt and the majority engaged in less traditional military pursuits such as farming and building.

other. Israel wants what Egypt would call a "special" relation-ship with its only friendly neighbour, whereas Egypt would be happy with a "normal" more low-key relationship. Margaret Ford

Charles Richards



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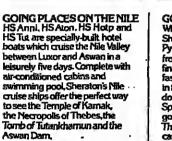
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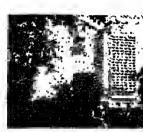
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### Egypt-Israel relations make strong progress

TO AN ISRAELL the idea of being able to go to Tel Aviv hus station, buy a ticket and travel to an Arab country is amazing. To an Egyptian, simply not having to huy more weapons to fight another war provokes large sigh of relief.

Normalisation of relations between the two countries under the provisions of the Camp David peace treaty have progressed markedly in the past year. The number of agree ments signed on cultural, economic, transport and tourism matters has reached 35 and, according to Egyptian officials, exchanges with Israel now far exceed Egypt's relations with most European and Asian

Even the Israelis have tempered their previous complaints of Egyptian footdragging, say-ing that although relations are not as full as they would have hoped, "we know where to go from here." Official concern in Tel Aviv that, following the Israeli withdrawal from Sinai on April 25, talks would end as Egypt gradually returned to the Arah fold, appears to have

### Stumbling block

Egyptian officials say they have no intention of improving their relations with the Arah world at the expense of the Israelis and fully intend to put into action all agreements. But they point to the Arah boycott of Israel as the biggest stumbling block to an increase in

economic links.

In the case of trade, for instance, Israelis complain that all deals must be done through one bank, the Suez Canal Bank, nominated by Egypt to issue letters of credit for Israeli contracts. This causes delay and means that Egyptian companies with credit arrangements with other banks will think twice about hothering with Israeli

deals, they say.

But the Egyptians say that
Egyptians working abroad earn foreign exchange worth \$3bn and this money is sent through branches of Egyptian banks. If the banks were seen to be dealing with Israel, the remittances would stop, which cannot be

Israelis also complain that Egyptians have denied them access to public sector companies in an economy which is 85 per cent state-owned. Egyptian officials say that since the ratification of the trade agreement four months ago, Israel may deal with public sector companies on an individual basis. They point out, however, that a company doing most of lts business with, say, Kuwait, would he unlikely to jeopardise that by dealing with Israel.

Trade nevertheless increased from \$12m in 1980 to between

old chicks

land by bus or fly hetween the two countries and 55,000 Israelis visited Egypt hetween the end of 1979 and March 1982. Officials realise though that the Egyptians are comparatively poor and tend to travel either to Saudi Arabia on pilgrimages, to Paris or London for medical treatment, or to other Arab countries on family

immediate improvement in travel by Egyptian Christians (Copts) to Jerusalem probably would be noticed if Israel returned a church in the city to the control of the Copts who lost it to the Ethiopian Church

expected to cash \$150 into Egyptian currency at the border, which the Israelis claim is too much for a family plan-

Egypt says the rule applies to all tourists and that Israeli visitors cannot have special treatment. Egypt has agreed to special visa arrangements at the border for short-term visitors from Israel, but refuses to allow them to bring fourwheel drive cars into the desert on security grounds. Egypt brought tourist facili-

ties valued at \$25m from Israel and hopes to encourage the flow of Israelis into Sinai. Both tourist buses and trucks are now allowed to drive straight through from Tel Aviv to Cairo. Only one dispute remains in the area following the withdrawal. This involves a tourist hotel at Taba, built by the Israelis on about 1 km of land which has been in dispute since

\$14m and \$15m in 1981, mostly Israeli exports to Egypt of foodstuffs, animal feed and day-Relations have shown a good improvement in the fields of

cultural exchanges, agriculture and health. An Egyptian folk tronpe took part in the Tel Aviv Festival last month, each capital has held an art exhibition by the other's painters, and Israel's consumption — which is not disclosed—seems to be working well. The agreement suits both sides of course, given youth delegations have changed visits. A health delegation from Israel visited Egypt and may provide halp to the pharmaceutical industry there, while Israeli farmers are already engaged in a joint pro-ject in the Nile Delta. Relations are always likely to he a prohlem between the two countries, if only because they want different things from each

In tourism, some rancour exists on both sides, although advances have been made. Tourists can now travel overland by bus or fly hetween the other Arab countries on family

Cairo officials suggest that an

It is over Sinai that most of the problems seem to arise. Tourists, including Israelis, are ning to spend a few days camp-ing on the beach.

the border was agreed by Egypt, Britain and Turkey in 1906. Both countries have

claimed the land, and neither

will budge.

### EGYPT V

### Greater freedom of action in foreign policy

WITH THE succession by Mr. tinnes to flow into Egypt, and Egypt to renounce its agree— West Bank and the Gaza strip, Hosni Mubarak, and with Cairo remains the favourite ments with Israel before it can Dr Boutros-Ghali admits in his Israel's withdrawal from Sinai destination of Arab tourists. return (Mr Mubarak has made article that "negotiations may

y June 7 1982

will remain strong, but Mr Mubarak's style will be more challenging than that of his predecessor, the assassinated President Sadat. At some stage relations with the Soviet Union, broken last autumn, are likely to be restored.

Above all, the way is being conciliation-opened for a gradual return to There ber the Arab world and there is cations of Egypt's rehabilitamuch concern about the rami-fications of Iraq's apparent and signs from the Gulf states defeat in the Gulf war. The of wanting Egypt's moral and overall change of tone was set material support. Both King

striking than the differences in the central bank of Egypt. Its style between Mr Mubarak and lead managers included four Mr Sadat in their ettitudes Arabowned banks for the first towards the other Arab time since the peace treaty.

Countries. Mr Sadet had a penIn April Egypt was eble to chant for rhetorical abuse address the co-ordination bureau (echoed by the local news of the non-aligned movement papers) against his Arab political opponents, regularly callineeting in Knwait and propose ing Col Gaddafy of Libya "a an II-point plan. It was the

#### Links

By contrast, one of the first orders Mr Mubarak gave after succeeding last October was to the media to halt such activioccusing some strains duougn still only Sudan, omalia and Oman retained iplomatic links — during the innicuit early months when internal security had to be estabhished, and latterly during the run up to Israel's return of the final portion of Sinal,

There has been much exaggerated speculation about the speed with which Egypt might return to the Arab fold-even before Israel's withdrawal. It tended to be fed by isolated incidents, such as the very brief opening of the border post with libya, and the broad Arab rehel, especially in more radical states, at Mr Sadat's death. It was fed further by news, revealed by Mr Sadat as early as March 1981, that military equipment was being sold to Iraq.

In fact, it may be argued in diplomatic relations with the majority of the Arab states after the peace treaty with Israel in 1979 and the boycott of Egypt organised at the Bagt-dad Arab summit of November 1978, never had broken its relations with the Arab world in a formal sense.

This view has been well expressed by Dr Boutros Boutros Ghali, Egypt's Minister of State for Foreign Affairs, in an article in the spring 1982 edition of the American quarterly Foreign Affairs.

"In fact," he writes, "the pro-position that Egypt is or can be isoleted from the rest of the Arab world is absurd . . . needless to say, the influence of Egypt in culture, science and erts, technology and economics overshadows by far the rest of the Arab world.

"In spite of the severance of diplomatic relations between Cairo and those Arab capitals, transnational relations have continued and even increased." More than 2m Egyptian wor-Vers, technicians and experts, eachers, doctors and judges are berforming a well-appreciated mission in these Arab countries. Private Arab investment con-

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in April, Egypt has an opportunity for a more normal and nationality are learning in actional foreign policy and greater freedom of action than actional and colleges in Egypt, and Arab military and police officers are still being trained in Egyptian academies.

Dr Boutros-Ghali concludes correctly: "Reconciliation at the official level between Egypt and the governments of the other Arab states is bound to come and President Mnbarak has made it quite clear that Egypt does not object to such a re-

There beve been other indimaterial support. Both King by Mr Mubarak last November, Hussein and King Hassan of when he said: "Egypt is an Morocco sent messages of con-Arab African country, neither gratulations on the final return Eastern nor Western." of Sinal Chase National Castern nor Western." of Sinal Chase National There could be little more organised a U.S.\$200m loan for

madman," and on occasions timing and context of the plan King Hussein of Jordan "a rather than its content which political dwarf." was significant, but it provided a strong contrast to the efforts. at the Havana non-aligned summit in August 1979 to have Egypt, a founder member of the

ment, expelled. Nevertheless, it is likely to This had the effect of be a slow process—an item of sing some strains— some consolation to Israel, usen still only Sudan which hopes that Egypt can eventually act as a bridge to the Arab world and that diplomatic neighbourly normalisation can continue unimpaired.

Mr Osama El-Baz, who heads the President's political office. in an interview with the weekly Al-Mustagbil last month put it this way: "Initially, relations with the Arab countries will level but via professional unions and syndicates, the press unofficial popular organi-sations and economic ex-changes."

The fact is that the stead-fastness front — Syria, Libya, Algeria, South Yemen and the Palestine Liberation Organi-sation (PLO) — is still opposed to the Camp David accords, and the Damascus official daily al-Ba'ath continues to call on

it clear that any Arab Government re-opening relations will have to take Egypt with its peace treaty). It remains, thus, questionable whether individual Arab states would undertake e unilateral move without the consensus of an Arab summit.

If there has been any issue which has overshadowed both normalisation with Israel and Palestinian autonomy talks, it has been, latterly, the Guif war. Besides aid for Iraq, which as a quid pro quo on May 10 resumed the flights of its national airline in and out of Cairo, there have been intriguing sug-gestions of requests for assis-tance from some of the small Gulf states, quivering at the prospects of an Iranian victory and influence.

#### Instability

From Cairo, foreign ministry officials argue that an Iranian victory, the replacement of future.' Iraq and the alliance of these two states with Syria together with instability among the Gulf states would produce a dramatic and serious change in the balance of power in the Middle

It remains, however, doubtful whether Egypt would want to become too deeply involvednot so much because of potential repercussions et home of Iran's fundamentalist Islamic victory, but rather because Mr Mubarak's priority is concentration on domestic problems and reluctance to be involved in divisive Middle East politics.

The main exception to this is the constant concern about events in Sudan to the south. They are bound by a bilateral military agreement signed in July 1976, and were President Nimeiri to be overthrown through internal opposition or from outside—as looked to be a possibility earlier through the Libyans in Chad—the dilemma would be acute for Egypt whether to intervene or on what

cult by the Israeli measure concerning the Golan, but they must, and will, go on."

Mr Mubarak has yet to visit Israel, not least because he does not accept the Israeli annexation of East Jerusalem. Israel is insisting that the talks be held in Cairo, Washington-and

Jerusalem. The fact is that these talks since they started in June 1979. have produced little more than extensive studies. This is because Israel wants the five-year transitional government Palestinians to be little more than a special local govern-ment, with no chance of becoming an embryo Palestinian state.

Egypt sees the latter as being the aim. As Dr Boutros-Ghali said in an interview, "through the transitional system, we can have a Palestinian administration and they will begin to discuss with Israel about their own

In spite of the sterility of the autonomy talks, Egypt is adamant that, first, it is operating with the interests of the Pale-stimens in mind, and that Camp David remains the best frame work until some other country, whether Arab or otherwise comes up with a better idea We have never pretended," Dr Boutros Ghali says, "that we have the copyright of the solution." And in reference to the Saudi "Fabd Plan," he writes, "The Saudi proposals are not an alternative to Camp David, but they need a 'Camp David' to be implemented satisfactorily."

The hope of some movem hes in the U.S. There has been only half-disguised disappoint ment that the Reagan Admini stration after 18 months in office still appears to be trying to for-mulate a constructive Middle East policy.

Egyptian officials are looking towards a combination of pressure on Israel and private contacts with Jordan to produce over the next half year within the context of Camp David or some graceful evolution of it, a broadening out of the forum for

That way Camp David would become in fact the precedent of bistorical importance, which are eluctant to ettribute to

Anthony McDermott

#### An edditional factor which negotiations makes it seem more likely that it will be several months et least before there can be genuine consideration of full reintegration of Egypt into the Arab fold is progress in the talks with Israel over the future status of Palestinians on the

### Emigration straining labour market

the movement is having a wide-ranging impact on Egyptian There are three

The early movement of Egyptian labour abroad was limited to technical professions such as teaching, medicine and engineering, but the move-ment in the seventies covered the whole occupational spectrum. All types of skilled as well as unskilled labour are now involved from university staff to construction workers and domestic servants.

By 1979, Egyptian workers' remittances had become the most important source of foreign exchange. The moveThere are three streams of

Egyptian emigrants to oil-rich Arab states: Those who migrate on e temporary basis through official Governmental second-

• Those who migrate through

personal contacts: Those who migrate informally and thus go unrecorded in official statistics.

The changes in the skill strucof emigrants is most notable in the case of personal contracts. The proportion of these without any qualification rose from 19.8 per cent in the period 1972-74 to 34 per cent in the period 1976-78, while the proportion of holders of universal decreases fell from the period 1976-78. sity degrees fell from an average of 42.7 per cent in the period 1972-74 to 30.2 per cent in the period 1976-78. This

on an informal basis. As e result, emigrants' remittances increased dramatically between 1974 and 1980. While total recorded remittances (through bank transfers and own-exchange transactions) did not exceed the level of E£140m in 1974, the figure jumped to E£531m in 1976 and to E£1,205m in 1978. It passed E£2bn in 1981.

### Remittances

Egyptian economy observers agree that emigrants' remithave released new dynamic forces within the economy. The immediate effect was in the distribution of income, which in turn influenced patterns of personal consumption and private savings. But labour emigration also led to the emergence of a new pattern of socio-economic duality.

This duality can be visualised by dividing the national eco-nomy into two analytical, but not entirely fictitious, sectors: the indigenous and the open-

The indigenous sector covers commodity and services flows transacted by individuals whose income is generated within the confines of purely domestic activities. The low levels of pay are dictated by the capacity of the domestic economy to pay. The open-door sector em-braces activities and flows of

MORE AND, more Egyptians ment has had wide-ranging goods and services closely asso-are going abroad to work—and socio-economic impacts on ciated with high incomes, reflecting the capacity of oil recommendation on Egyptian society.

There are three streams of economics and foreign business to pay. Most of the purchasing power fuelling the expansion of this sector comes from emigrants' remittances and earnings of those who are employed by foreign or joint-venture companies and other related authorised and recorded activities at home.

A parallel structure of price shapes up for commodities and services traded within this secor. These might be labelled turist prices" as they can only be afforded by those who work abroad in oil-companies, those within the foreign business are applied to the companies. ness enclave at home, plus merchants, importers, exporters and top professionals earning high incomes from the boom.

In sum, emigrants' remittances was one of the major factors enhancing the duality in the economy in terms of earntrend is even more pronounced ings structures, demand struc-in the case of emigrants leaving tures and price structures for goods and services.

The distance separating the two sub-sectors of the economy is growing; two distinct sections of the working population are now locked-up in each sector.

The increased emigration has also affected the labour market. It has resulted in severe scarcities in particular types of skills, occupations and professions. As a result, the authorities are trying to stop amigration.

The Government is now for mulating an emigration policy which will not challenge the right of temporary emigration. It is hoping to introduce indirect means to influence size duration, direction and composition of external migration. It is recognised however that

the policy will have to be highly selective. It must encourage the emigration of certain categories of labour but discourage others. The problem of how to do this is a matter of practical policy.

To this end the Government recently appointed Mr Albert Barsoum Salama, a Cabinet Minister, to head external emi-gration affairs.

### Mahmoud Abdel-Fadil

Dr Malimoud Abdel-Fadil is professor of economics at Cairo

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### EGYPT VI

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#### ADVERTISEMENT

### **Development of the Suez Canal**

Right from the time it was first opened in 1969, the Sucz Cenel him proved its vitality in activating trade between East and West. Yet the Canal has always been a target for much attention until it were nationalised by the late President Naser on July 26, 1956. Ever elnoe, the Canal has transmount maser on July 20, 1350. Ever elnoe, the Canal has transmodulely improved with the full meening of the word. In 1955 the Canal could hendle ships up to 30,000 tone, and now fully loaded tankers up to 150,000 tone, and shipn up to 400,000 tone in ballest can use the Suez Canal,

Year Number of transiting ships Daily average					
- 1955	14,666	40			
1966	21,250	58			
1981	21,870	60			

#### Tonnage

 Year	Daily transiting net tonnage
.1955	317,000 tons
.1966	751,000 tons
1981	938,000 tons

#### Revenues

Year	Revenues
1955	L.E. 32 million
.1 <del>966</del>	. L.E. 95 million
1981	L.E. 622 million

#### Nationalities using the Canal

, Year	Number of nationalities
.1955	51.
1966	61
1981	109

Commi revenues totalled 542 million pounds in the 87 years before Canal wan untionalised, and resched 2,802 million pounds in 17 a (from nationalisation until the end of 1981).

- WORK INVOLVED IN THE FIRST STAGE: Removal of 106 million cubic matten of sand (Bar-Lay Lina) Construction of 154 km of new revelments for protecting the Const
- Removal of 131 km of old revetments.
- Oredging works that amounted to 600 million coble metres. This project was executed by 12 Egyption companies, and 6 foreign companies with more than 15,000 workers distributed emong 160 altes along the Canal. This mage cost about \$1,300 million.
- Three naw by-passes were dug as as to add to the doubled parts of the Canal (68 km now) to facilitate traffic and increase the numerical capacity of the waterway.

  A new, very advanced control system was also introduced so as to enhance more safety for transiting ships.
- The Suez Cenel vessel traffic management system controls pavigation as far as 35 km in the Mediterranean and the Gulf of Suez,
- SCA equipment such as dredgers, tug boats and marina units were also developed so as to cope with the new categories of ahips expected to use the Canal after the development project.
- The Canal wet cross sectional erea stepped up from 1,800 square metres before the Canal davelopment to 3,600 square metres, and the permissible draught from 38 feet to 53 feet after development. The following statistics clearly show the vitality of such development to the future of the Suez Cenel:

Number of transiting tankers
Tonnage
Daily everage of ships
Daily average of tonnege
Datil nantale di resulte del
Annual revenue

- Transiting super tankers of 250,000-300,000 tons Super tankers of more than 300,000 tons
- 3,438 + 517 tankers 135.2 + 46.3 million tons 60 + 1 ship 938 + 169,000 tons 622 + 162 million pounds 306 3 300 super tenkers 57 '4' 57 super tenkers
- The SCA's two shipyards in Port Seid and Port Tewlik were also equipped with new advanced equipment such as floating dock and ship repair equipment to get them up to the required standard,

### Village life and work in process of change

cultural endeavours. A massive scattered state apparatus reaches out countryside. state apparatus reaches out into every village and tiny hamlet and engages in a constant battle to control the seemingly uncontrollable—land, animals, people and the Nile.

animas, people and the Nile.
Then there is the multitude
of tiny plots of land, ever
fragmenting in size, that make
up most of Egypt's agricultural
land surface. More than twothirds of the country's
agricultural land is worked in plots of less than five feddans.

Above all, there is the sheer physical, and now perennial, effort of the Egyptian peasant who for centuries has been forced by his labour to support both town and state.

Eighty per cent of Egypt's armers work holdings of less han three feddans. They, than three feddans. together with the rest of the rural population, comprise about 56 per cent of Egypt's

throughout

هكذا من الدُّعل

Much of the world of these villages is in many respects an unknown. The agricultural has suffered a dramatic decline to a form of less-intensive farming has given way to a form of less-intensive farming has undertaken this year is in the last decade. Craftsmen

The increased costs of such of the switch to high-value basic services as health and education, along with other economic trends in the 1970s, have placed a burden particularly heavy on those groups have placed a burden particularly heavy on those groups there is little uniformity about been a homogeneous entity, whose real incomes have declined over the last decade, but one example: the migration most certainly is not. But the rural sector today, Take but it is clear that today it must be include industrial of male labour to the oil-rich story of just one village,

the 1960s but whose incomes reached a stream.

THERE IS something very total population and live in since have failed to keep up. Some villages have seen such impressive about Egypt's agri- 32,000 villages and hamlets with inflation. Previously an an outflow of labour abroad the important sector of the village that acute agricultural labour

> the first in years. What is clear, such as weavers, dyers and spinhowever, is that a variety of ners have been dealt a severe
> transformations have been blow in the 1970s by competition from local factoryproduced materials and of these emanating from trends imported synthetics. To these

shortages are reported. In Village textile production some of these villages, peasant ing by use of wage labour, and remittances from abroad are forming an increasingly large

share of village income. Within these same areas, and often within adjacent villages, labour migration abroad may be almost non-existent, and peasant farming is still a viable base to the village economy so that little mechanisation of agricultural tasks is evident.

workers and minor government Arab states. This, which began Ruhahad, near Cairo, while not employees, who formed an as a trickle at the end of the typical, illustrates the changes envied village middle class in 1960s, had by the mid-1970s that have occurred and are still



Irrigating the fields at El Mahsama in the eastern desert region. The loss of workers who have gone abroad has resulted in shortages of labour on the land

### Ruhshad: community under new pressures

dwellings, with straggly red-brick tentacles, stretches out the surrounding agricultural land.

The land itself is devoted largely to the production of vegetables which are sent to Egypt's ever-growing capital 30 miles to the north. The district is in fact part of the huge fruit and vegetable growing area surrounding Cairo, and also some of the most intenselycultivated land in the world.

Fragmented Into tiny plots, this land is worked in the main by peasant farmers who produce, primarily by means of bousehold labour and traditional farm implements, three main crops a year-vegetables such as cucumbers, courgettes, peas, green beans, as well as clover and maize for their own and their animals' consumption. Cutting into the agricultural land and straggling along canal banks and mud-packed tracks are the new redbrick houses built in the 1970s for the most part the homes of the village nouveau riche — typically vegetable merchants and successful village migrants. Around the centre of the village

RUHSHAD, ON the fringe of monopolised village power and have some form of pit lattine or the Western Desert, looks like resources, particularly land, cesspool, the cost of having it an untidy octopus sprawling in Their imposing solid stone, cleared out precludes its use a vivid green sea. A tight and built houses, with huge tiled as a general purpose drain. It densely-packed body of mud reception rooms and now some is thus reserved for human what faded European-style waste and the households' used furniture, are still lived in by water is carried by women to

> moch narrower streets are the tightly-packed two or threeroom houses, constructed of Nile silt bricks baked hard in the sun. Inside these bomes, cooking is typically done on a pri-mus stove in the covered courtyard, which also houses the mud brick bread oven, maybe a pit latrine, the poultry and the animals at night.

Some houses have piped water, for in the 1960s the government installed a village water tank which taps artesian water 70 metres below the surface. However, this supplies less than half the village; the majority of households rely on hand pumps, either within their own or their neighbours'

#### Contaminated

The water drawn by these pumps from a depth of about nine metres used to be pure drinking water. Now, much of it is contaminated by chemicals carried in seepage water from the fields. The volume of fertiitself are scattered the homes of lisers used in the village's agrithis respect, and in others, the old aristocracy who culture increased in the 1970s. things are infinitely much before the 1952 Revolution, So, too, since completing of the better. High Dam, has the volume of But the older village water poured over the fields. The many villagers auxious,

> supply of water. There is no piped sewage in Ruhshad. As vices — Ruhshad's two village a result it is the disposal of schools and one health clinic ousehold waste water which is often the most laborious task the 1970s, an era which in turn, for the village women.

Even for households that do

the same families. the nearest canal or thrown on Within the village and along to a patch of waste ground—or the nearest canal or thrown on

even, when neighbours aren't looking, into the village street. Along with the lack of organised rubbish disposal and the plague of rats that have troubled the village for the last two years, these waste water problems are perhaps the greatest health risk in Ruhshad. The villager is quick to point

different now than in the past. For the majority of Ruhshad's peasants, the first point of reference is the Nasser revolution and, more particularly, the land reform laws that swiftly followed.

Stories abound about the borrors borne by the peasants before the 1950s. Of the land-lords' exertion of power in the form of humiliations or beatings, of services demanded, or the arbitrary seizure of animals and land. These same village families continue to live in the village and are still in many ways part of the village elite, but the exercise of their power no longer takes

only lived through the land reresulting contamination of much form years of Nasser, which of the village's water makes gave him freedom from certain feudal oppressions. He has also The problem is not only the . had far greater access to formal education and to health services - Ruhshad's two village

and he has also lived through

has brought other major

The past decade has been marked by an increased commercialisation of the village economy and by a great increase ables into the village - both of which are functions of wider national trends.

One example is that of the changing function of the village

The primary role of the village banks in the 1960s was that of providing credit to peasants for agricultural purchases now operating on a commercial basis. Ruhshad's Bank bas diversified and also offers credit on imported consumer goods such as television sets, cassette recorders, electric fans, refrigerators, and locallyproduced washing machines.

#### More customers

Its customers are no longer restricted to the peasant community, but include any villager with proof of secure employment. Today, within the mod brick houses of the village, it is not unusual to find a television set or cassette recorder, both great rarities a decade ago. To be without at least some of these items nowadays is to feel deprived.

There indeed is more money in people's pockets these days, and the real income of certain the form of feudal excesses. In groups has risen. Since the end of the 1960s, peasants have been released from the obligation to grow cotion at government fixed quotas and prices, which meant a heavy indirect tax on them as producers. Now they are free to grow high-value vegetable crops, primarily for the Cairo market. For many peasants, particularly those with larger plots and with sufficient house-hold labour to prevent too beavy a dependence on costly wage labour, this has resulted in a considerable increase in real income.

But villagers also have more financial demands made on them. Even health and education now involve a cost far greater than in the 1960s. Although the health clinic still operates at a charge of one piestre a visit, there has been a decrease in both staff and in the supply of medicines. Diagnosis is still offered but treatment is limited, for the drugs

turning to the private services of doctors in large villages nearby, bearing themselves the cost of private transport, consultation fees and prescribed door policy, foreign drugs have

flooded into the country and the margin of profit for the pharmacist for Egyptian-manu-factured drugs is far less than that for amounted medicines. Education now is also more expensive. With the amalgamation of Rohshad's two village

decline in the number of qualified teachers, private after-school lessons have now become the rule rather than the excep-tion. They are now considered a basic part of any parent's form a heavy drain on many village incomes.

In Ruhshad, one solution to the economic pressures of the 1970s has been migration abroad for work in the oil-rich Arab states, particularly to Libya and Sandi Arabia. It is, however, an option entailing high personal cost and has itself had repercussions on the village economy, often adding to the very pressures giving rise to migration. Synthetic materials, a favourite present migrants abroad, have played a tastes and decreasing the demand for village produced

Elizabeth Taylor, a sociola inist who has lived for about 16 v prenary schools into one in the engaged in research funded by mid-1970s, with the guess over the American Population Coulting of classes and the cil

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### Agricultural advance held up by lack of drainage canals

time In 1974. Since then the present and previous Egyptian Governments bave propounded the aim of self-sufficiency. How-ever, there are many serious obstacles in the way of achieving this aim.

population is expanding and its agricultural land surface shrink-Ing. With a current annual population increase of more than 2.5 per cent urban and tural sprawl are now encroaching on about 60,000 feddans of prime agricultural land each

Neither "horizontal" expanion in the form of land reclamation, nor attempts at "vertical" expansion by raising the productivity of existing lands, is compensating for this The strong, and some would argue misplaced, ideo-logical commitment to land reciamation by President Nasser was not shared by the Sadat

Since 1972, there has been minimal government investment in land reclamation and hopes that sufficient foreign capital would be attracted into this area of investment have proved ill-founded. Of the approximately 0.9m feddans of land reclaimed before 1972, it is maintainedby a 1978 national Bank of Egypt bulletin—that only 40 per cent had reached marginal productivity, that 28 per cent was still below that level, and that efforts toward the final 32 per cent had been halted.

reclamation and cultivation of As far as the possibility of vertical "expansion or increasing productivity of "old lands " is concerned, since 1973 hope here bas been placed primarily on "green revolution" techniques, such as the in-creased use of fertilisers and pesticides and the encouragement of agricultural mechanisation. The results to date are not very encouraging. Egypt's agri-cultural growth rate, at coostant prices, standing at some 4 per cent in the period 1955 to 1975, fell to 2 per cent in 1965-75.
And to only 1 per cent in the
period 1975 to 1978.
The major fechnical reason

EGYPT BECAME a net offered for the decline in growth reduction in production cost importer of food for the first rate is the serious inability of the release of farm animal the existing drainage network to cope with the additional water supply created by the high dam, which has resulted in severe waterlogging and soil

Underinvestment in drainage is not a problem new to Egyp-tian agriculture. The British, with their interest in promotion of the cultivation of Egyptian cotton, completed but without a compensatory extension of drainage canals, the irrigation network begun by Mohamed Ali. During the 1970s the Sadat

government was able to take some steps towards recilitying the problem by procuring foreign loans, including a number of IBRD loans, dramage installation projects. These for the most part have only recently begun to be implemented, however, and will not be completed before the end of the decade. Meanwhile, by 1975, 80 per cent of agricultural affected by the tack of adequate drainage, to the extent that 50 per cent of Egypt's best lands have been downgraded to "medium" or "poor" soils.

### Productivity needs

Faith in the ability of improved drainage to increase the productivity of deteriorating lands seems to be well founded. A further measure which at present continues to be pursued. that of mechanisation, is far afdetedab arous

Egypt is committed to achieving full mechanisation of agriculture by 1990, a programme which is extensively supported by external agencies such as the World Bank and Usaid. The Egyptian Government has taken a number of steps to encourage mechanisation, such as lifting the customs duties on imported farm mathinery, subsidising fuel, and ensuring that good credit facilities are available to farmers for the purchase of farm machinery.

are mechanisation will bring wish it a multitude of benefits to Egyptian agriculture, such as a

the release of farm animals from much of their labour, thus increasing their milk and meat ment of higher crop yields.

The production of Egyptian tractors was part of an integral plan of the 1960s, starting with the production of diesel engines and moving on to components in the 1970s. Since the later stages of the programme never materialised, Egypt now assembles only about 1,000 tractors a year. For the rest, she is dependent upon imports which have quadrupled since

Mechanisation is going ahead, however, in one delta province, Sharquiyya, land preparation and threshing are elmost entirely mechanised, and in the neighbouring province of Beheira, ploughing and irriga-tion have reached about 80 per cent of full mechanisation, with steps being taken to mechanise the harvesting of rice, wheat and clover. The World Benk has a pian to mechanise completely the agriculture of two other rural provinces.

How far the progress is increasing crop yields is still a subject of some debate. Field station experiments have produced contradictory evidence and a recent report of a joint venture project with the Egyptian Ministry of Agriculture and the University of California concludes that "there is no evidence that tractor farms have higher yields or cropping inten-

ment in agriculture is concerned, agriculture in recent years has received a decre share of the total cake. For the years 1978-81, agriculture's share in total Government **Years** investment never exceeded 9 per cent, compared with a share of 17 per cent in the years 1967-70. In spite of the problems fac-ing Egyptian agriculture and the shus of achieving self-suffciency in food. In the near future, the previous Egyptian

Government seems in fact to

have: given a relatively low

As far as Government invest-

are simply not available or in too short supply for full treatment Increasingly villagers are drugs. Even the type of drugs materials, a favourite present available on the free market sent back to families by has changed. With Egypt's open migrants abroad, have played a

textiles. Elizabeth Taylor

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ه کذا من المهل

largaret Hughes reviews the problems to be tackled in restored Sinai

### Challenge of a barren land

ior omcial in the Ministry of area. many new fully restored by

There has been much talk of get nich maneral deposits, ics get potential for agracustural, institut and tourist develop-at. But the realists are fer different. Most of the rais are marginal, the cost making the land cultivable Mance between exploiting its ural beauty and peace with destroying it in the process. Dr Ali Abu Zeid, bead of the iai Development Authority, sich will be run along the lines the Suez Canal Authority, is it aware of the problems. "Ir

Il be more expensive to velop Sizial than anywhere ie in Egypt. It will take a lot hard work but we have to do We have neglected Sinai for we know to long and if we do not new them welves it is sinai will remain a them there are conflicting views bope thin the government on the the can de of foreign investment.

that the silicials are adamant that

EVELOPING SINAL is a if Sinal is to be developed it greatest need water spending base at El Tor and developing am. But I'd namer not will have to attract foreign in some Ef-42m. Of this Ef-37m is another. According to Dr Zeid am, I'm afrain it might be a vestment of the "right kind" being used to establish a pipe the Gulf of Suez provides some

people living there by the end of the century. Dr Zeid believes Im is more likely but many s nich numeral deposits, its think that even that is us the potential for agracustural, realistic and that it will be Sinal. nearer a quarter of a million. The present population is largely Bedouin and estimated

> Egypt has already spent \$220m developing Sinai since 1979. It is to spend another \$50m each year over the next five. Some 300 projects have been put forward for evaluation we knew already. It contains no new data beyond what we gave

them in the first place."
What the Egyptians had What the Egyptians nau boped for was an evaluation of which could be achieved the various development 2,500 tonnes a year).

In the Guif of Suez the strip assistance from

has been storied by the for tourism at velopment Authority is devoting studying the feasibility of exhaust particles asknowledge that its attention to the area's panding the existing fishing

nomare. That is how a and which contributes to the line network for potable and irrigation water, distribute Nile construction views the The future population target water brought across the Sinal Lacage water brought across the Sinal Lacage water brought across the Sinal Lacage water by siphons underneath to developing loss sparsely. The government has often said the Suez or through the newly-unded and targety barren that its aim is to have 4m opened Ahmed Hamdi road tunnel. A possibility later is to extend the El Salem canal which runs from Mansoura to the Suez canal across into

> given to them. Dr Zeid does not foresee that agriculture and into total 200,000, mostly living dustry will be the main sources of production. He considers tourism and fishing to have the greatest potential.

#### Potential

But be sees good potential and a Usaid-financed develop- for developing a fishing and ment study has been com- canning industry based on Lake missioned from U.S. consultants Bardawil on the Mediterranean view, bowever, this study, now The Israelis during their occu-in its draft final report stage, pation had developed their occu-"doesn't tell us much more than former, which he says now provides 25 topmes of fish a day, but in his view this could be doubted (the Israelis calcu-

Until it knows which projects. Authority, with assistance from ere should be mone and this really are feasible, the Sinai De- the Japanese Government, is

20 tonnes a day of fish at present. He believes this could be expanded to 100 tonnes a day veloping a fish canning indus

says, is still under study through it appears that a decision has been made to go ahead with a ferromanganese plant at Abu Zemma on the Gulf of Suez based on the manganese de-posits of Um Bugma. These were about to be exploited when war broke out in 1967. The feasibility of reopening the E Maghara coel mines is still under study. The coal is not suitable as coking coal but could be used to fire a proposed power station. Most power in Sinal is supplied by diesel generators

m the main population areas. There are also reported to be deposits of copper, gold, iron phosphate, sulphur, limestone and turquoise. But more promising are the high silicon glass sands at El Khabouha and Wadi Budra —the only glass sands in a country which imports vir-tuelly all its glass. There are also high grade kaolin deposits near Abu Zemma and Abu Rudeis which could be used to produce ceramics for the electrical and other industries. There are also plans for a gypsum plant in the same area to supply the construction industry,

Sinai's nichest raw materials, however, are oil and gas, which are already produced in the Gulf of Suez but have also recently been discovered offshore on the Mediterranean coast. There are proposals for establishing a refinery and petrochemicals complex at Abu Rudeis using the natural gas which is now flared off. There are also proposals for establishing a similar complex on the western bank of the Gulf of Suez where transport and access to ports is easier.

There are four main ereas available for tourism development. In Dr Zeid's view the Gulf of Aqaba, where the Israelis developed three small resorts during their occupation present there is one hotel and diving school at Sharm El Sheikh and two tourist villages et Dahab and Nuweiba along the road to Bilat. The Israelis used these sites mainly for in-ternational tourist but Egypt hopes to ettract high-income international tourists who will come for skin-diving among the spectacular corals and other sea

Dr Zeld sees further potential in the St Catherine's area in the interior which is already on the tourist map. His third choice the Mediterranean coast where El Arish is now the main resort. The feasibility of developing this is still under study. But it would seem to bave more potential for domes-tic and Arab tourism as an aiternative to Alexandria than for international beach tourism where the competition from more established and cheaper resorts is fierce. The fourth area of tourist potential is Hammam Faraun, the bot springs centre above Abu Zenima near the Gnlf of Suez, which is being considered for development as a spa.

Egypt hopes to attract about 250,000 tourists to Singi by 1985. Only time will tell whether this target-like the others-becomes a reality or remains a

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للاست هسيجسيلي فقط

### The Canal remains prosperous artery

HE SUEZ CANAL, the reliable second phase of the canal's story. According to the SCA rrency earnings, bas emerged urism have all been hit by a riety of factors, ranging from he cold winds of world reces-

mal has prospered. The Suez Canal Authority deed bopes for record earngs of \$1bn this year. This will it only help fill the treasury fiters but also go towards paying the cost of the canal programme com-

crease its income and expand volume of trade and it is ly concern about the oil arket which seems to be holdback planners from trying even more of the

The SCA is hoping equilibrium ill return to the oil market by bout 1988, with a difference 10 per cent or less between ipply and demand. This would enerate a return to popularity the giant supertankers urying oil from the Gulf. hich the Suez Canal cannot.

resently accommodate. Work on widening and deep-ning the canal, to enable it take ships up to 260,000 tons open market. The Egyptian open market. The Egyptian Government will provide the mail can take ships up to rest in foreign and local 50,000 tons fully laden. thy laden, would need to start

The SCA has been consider-

orkhorse of Egypt's hard development for some time but is wary of deciding to go ahead Elizabeth This year with its reputation for because of the cost and the in-liability hardly tarnished stability of the oil trade in the hile receipts from oil, Middle East—affected by high prices, world recession and the

But by 1988 another problem ie cold winds of world reces will have to be taken into on and the oil glut to local account. The giant supertankers scal policies and President which would use the enlarged nwar Sadat's assassination, the canal would be carrying on from countries such as Iraq and the United Arab Emirates, whose oil reserves are expected to run out towards the end of the century. The project would need a 20

### Soft loan

Part of the financing for phase two has elready been worked out with the Japanese Govern ment pledging a soft loan of \$56m for fiscal 1981-82. Japan is eventually expected to provide a total of \$250m in loans for the second phase, having contributed \$300m to phase one, completed last year.

Dr Ammar says the World Bank has promised a loan of \$100m for Phase two although it will be at a fairly high interest rate. The European Investment Bank has also been approached and the SCA will try to raise about \$70m on the

Since its reopening in 1975 the canal has been a auccess

its earnings have risen from \$655m in 1980 to \$888m in 1981, leaving the hoped for \$1bn for 1982 looking within reach. Revenue for the first three months of the year increased from a mean daily average of \$1.8m in 1980 to \$2.4m in 1981. By 1982 the mean daily average

January and \$2.7m in February. Traffic also rose, increasing by 5.6m tonnes, from 109.5m tonnes to 115.1m tonnes, in the first four months of this year over the same period of 1981. Even oil tanker tonnage per cent rate of return to be increased although the rise was viable, according to Dr Ahmed smaller than hoped for because Ammar, head of planning at the of the Gulf war and the fall-off SCA, and it would need to be in consumption as European used for at least 12 years by countries tried to reduce their COSTA were favoured against other classes of vessels in new scales of transit dues introduced at

> accounted for 42.9m tonnes in the first four months of 1982, compared with 42.8m tonnes during the same period of the previous year. General cargo ships are now

the beginning of the year,

being overtaken in world ship-ping by container ships, Dr Ammar says. The volume of container ships using the canal increased by 1m tonnes in the first four months of 1982 but there was a corresponding decrease in general cargo ships of 319,000 tonnes. The SCA has temporarily

shelved a plan to make the canal two-way for all shipping but is going shead with an experiment to provide a two-way system for smaller ships of up to 10,000

Margaret Ford

EGYPTIAN SAUDI DEVELOPMENT COMPANY (S.E.A.)

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oreign bankers are worried by the lack of any firm policy on imports

### Pessimism in banking circles

THEN Dr Abdel-Razzaq Abdel- ventures from financing any the world, they say real growth, least for new banks coming to leguid was replaced last import trade apart from goods which had been in the region Egypt or those wanting to anuary as Deputy Prime in the luxury bracket. Of S to 9 par cent a year, has switch foreign branches into linister for Economic Affairs. The reversal of this decision reached a plateau. They are joint ventures. During Mr lany foreign bankers sighed nietly with relief. Their uietly with relief. Their lways tense relationship with r Meguid and his team was at s lowest point following the hopping and changing of regurought business practically to ttions last summer which standstill. After that, any-BANA act life, if anything, has got

ig community.
The decline in their letters f credit business, which still presents the bulk of their anking activities, has sharp-ned since the beginning of this ear as Dr Meguid's successors ave joughened the measures e initiated to curb imports. On verage, letters of credit busiess is down about 40 per cent n a year ago, and for those hose financing is predominntly in imports of consumer their imports from their own cods, the drop is nearer 50 to exchange or free market where

0 per cent. On the positive side, foreign inkers welcomed the decision the new deputy Prime aport deposit scheme back to AMERCIAL. pe requiring the importer to by the deposit in foreign curency. This reversed the deci- importing. on taken last summer allowing he deposit for two non-luxury ategories to be paid in Egypian pounds. This excluded the 9 foreign bank branches as well s those operating as 3008 joint

JRO.

110

therefore should bave boosted banks' trade financing. But in practice this bas not happened. Apart from imports of raw equipment materials. spares, imports are virtually at a standstill-including private sector food imports. In part this is because clearance of import licence applications is taking much much longer.

The special imports com-mittee, formed last year but baring its teeth, is. scrutinising applications more carefully. The import of some goods is being prohibited while the pricing of others is being more closely regulated.

But while the committee sets price margins based on the official enthange rate of 84 plastres to the dollar, importers have to obtain the the Central Bank. foreign currency to finance the rate a month ago hit a peak of 120 plastres and is still hovering around 105. At such a high premium-which the inister, Mr Mohammad Abdel importer is no longer able to attah Ibrahim, to switch the pass on to the consumer not only is his profit wiped out but the importer is more likely to be making a loss, so he is not

> Under these circumstances the banking community is more than . บรบลใ pessimistic Although return on net assets in Egypt is still more than double that anywhere else in

reached a plateau. They are also frustrated by the apparent inertia of the country's present economic team.

### Confusing

Meanwhile, confusing directives are not, it seems, the prerogative of Dr Meguid's team. One of the latest Central Bank directives tells banks to stop issuing any new lines of credit which assist in the buying and selling of passenger cars and consumer durables." They are further directed to "gradually liquidate any facilities granted for the same purpose against existing guarantees or against advance cash payment pending final settlement of these facilities." As usual, bankers have had to seek clarification from

While it is clear that the government intends to curb imports of cars and consumer durables, it is not clear whether letters of credit against 100 per cent cash are also banned. Bankers are also unhappy with being used once again as a vehicle for curbing imports in place of a more transparent system such as quotas and, as one banker pointed out "bankers are skilled at finding the loop-

It also looks as if the tighter

Ibrahim's reign at the Central Bank before his present appointment, a bank report recom-mended that no new licences should be issued for foreign

On that score Mr Ibrahim bas indicated that any new foreign branches or joint ventures will trade. They will have to operate as true investment or merchant banks. In the past year foreign banks in any case have been subject to more regulation. They now have to deposit 15 per cent of their foreign ourrency deposits with central bank which pays them interest at Libor-or, as some banks claim, a little under. Since last November they have been subject to retro-active credit ceilings. In the year September 30 1981 to September 30 1982 their growth in lending is restricted to 9 per cent, while loans should be no more than 65 per cent of all commercial

Banks are hoping for some flexibility in applying the latter ratio to exclude investment in certain types of industry. Their participation in the \$200m central bank loan syndicated by Chase Bank, was not, inciden-tally, subject to the credit

One bank which has got in regulation threatened in the before any new licensing regu-Meguid era is on its way, at lations are imposed is Hong-CONTINUED ON NEXT PAGE

### Long-term approach needed to solve housing problems

of flats available. Indeed, in 1970 has involved payment of key, Cairo the estimated vacancy rate is around 5.5 per cent and by no means confined to the luxury end of the market. But the monthly rental on a two- to three-roomed flat of the kind But the government sees it in Saleb wants to live in would be terms of a housing sbortage between E£25 to E£30, way which neither visual evidence above the average monthly nor independent studies bear out. Cairo rental of E£5.5. It would The real crisis is the inability of mean that about 30 per cent of young people to afford their first his wages as a mechanic would home. The gap between their go on housing. With food housing costs and those that bave taking up another 60 per cent been housed for some years in or so Saleh and his new wife rent-controlled flats is vast. would start married life in a financial

SALEH WANTS to get Saleh would probably get marmarried. He has wanted to for
more than five years but it will
be a good many years yet
before he will be able to. What
stands between him and
married life is that he cannot
afford a home to live in.

Despite official statements to
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the same t Despite official statements to that almost every apartment in mosques. the contrary, there are plenty of flats available. Today money. And buying a house is

even more beyond his means. President Mubarak has frequently emphasised the need to solve Egypt'a housing problems.

osition. Egypt's other urban cities, series of laws which first froze tion is also held to be respon-If that were the only problem More and more buildings are rentals on all properties leased sible for the fact that about a

#### Utilities

Luckler ones live in cemeteries like the City of the Dead in north eastern Cairo. Many are in structurally sound buildings, sometimes several storeys high. They are connected to most of the utilities and services including bus routes—despite the fact that as far as the national census is concerned the quarter of a million or so living there do not exist.

ones rather than real costs. stuck with a block full of rent-Until last year they were set at controlled tenants, add on new 5 per cent of construction costs: floors which can be let furnished and 3 per cent of land costs, without reni control, often on Under last year's new housing buildings whose foundations laws this has been changed to cannot take it. 7 per cent of the combined costs, which has been much criticised. It is well below the return on bank deposits and, inevitably the cost of bank

At the same time legislation bas conferred permanent and inherited tenancy which, com-bined with rent control, is why the average Cairo monthly rent-controlled flats is vast.

One of the major reasons for bined with rent control, is why
There are other housing probthe housing crisis is Egypt's the average Cairo monthly
lems—slums in Cairo and rent control, the result of a rental is so low. Such legisla-

The government estimates that there is a current shortage of about 1m homes and that by the year 2000 it will be 3.6m. In fact new housing is keeping pace with population growth but not because of any

There is much talk of the E£450m which is being allocated to new housing this year. Then, it transpires that only E£25m this is being allocated to

ment homes a year and the and Research 84 per cent of the to be in better average governorates build enother, new housing which has been put tion than formal housing

The remaining 275m, accord- years has been put up by the ing to Mr Salah el din Mohamed informal sector. It also provides Fahmy, First Under-Secretary the population with the kind of refusal to recognise for Housing represents the affordable housing that it wants, housing and thus to amount of loans on which the Informal housing is illegal services. Where government subsidises the housing built on unregistered interest rate. These funds are land and/or without building raised through the commercial

These loans are intended for illegally subdivided. Some-the low income groups, but most times it is on government land. go to the co-operatives formed The biggest problem is that it usually by professional syndicial usually on legally-owned cates whose members tend to be agricultural land which still reasonably well off and in some provides profits of about government housing procases in the upper middle 200 per cent.

up in Cairo over the past ten formal housing is, he years has been put up by the "significantly" less we plied. houses have grown informal community if permits. In Egypt the land is often legally owned but been cases where the

housing and then services. The study concludes t informal bousing sector sents an alternative to public sector housing deserving of greater support."

ment has

mcome groups.

It is estimated that 5,000 Most of the new housing is acres a year of agricultural being built by the "informal land are lost to urbanisation in

Margaret H



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2 - LIABILITIES

(b) Loans and Advances ...... U.S. Dollars 133 million (a) Customer and Time Deposits ...... U.S. Dollars 149 million

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### High consumption of oil the main energy burden

IT HAS been a bleak year so far for Egypt's oil industry on which the country's economy is so dependent. Oil is by far the largest commodity export. At \$2.7bn last year it accounted for as much as 70 per cent of visible

The world oil glut this year has forced Egypt to both lower prices and cathack production with the inevitable result that oil export revenues will be short

The original target for the current financial year was \$3.8bn but this was set early in 1981 when Egypt's oil prices were at an all-time peak-\$40.5 a barrel for its Morgan Lights crude of 32.7 degrees APL This target was revised down-

wards last summer to \$3bn of which \$500m was destined for the alternative energy fund. The fund was established in the previous fiscal year to provide the finance necessary to develop other energy sources such as

It is now clear that there will be no surplus revenue to set aside for the fund this year. In addition, it is unlikely that the targeted \$2.5bn contribution to the balance of payments will be reached. The Egyptian General Petroleum Company (EGPC) is wary of making any firm pre-dictions but officials within EGPC are talking of an 8 to 10

per cent shortfall. year production was cut back by an average of 320,000 to 340,000 barrels a day. In the first three months the daily production average was 630,000 barrels a day plus about 80,000 barrels oil equivalent of gas. Production is understood to have picked up a little in April to 644,000 barrels and was probably about the same in May. The target for this year was 670,000 barrels a day.

About half of Egypt's production is consumed domestically. After the foreign companies have taken their share this leaves Egypt with anything between 150,000 and 200,000 barrels a day for export Egypt is known to have bad difficulty in selling its off on the export market war even at reduced prices. By the end of March export revenues totalled \$2bn leaving another \$1bn to be raised in the last three mouths of the fiscal year.

Egypt is understood to bave had more success with its export sales in the last month or so. Prices have also firmed. The price of Morgan light crude had been reduced by \$1 on February to \$33 a barrel and by another dollar on March 1. At the same time the credit period was increased from six to nine months.

But since then Egypt has been able to hold the price at \$32 \$34bn to establish the proposed and on May 1 cut the credit eight nuclear power projects.

Corporation Later this year it will establish a joint venture bank in which it will have a

40 per cent stake in the £E16.8m capital. The majority

shareholding of 51 per cent will be Egyptian, all in the private sector with the exception of

Egypt Reinsurance, which will

have a 7.5 per cent stake. Private Arab investors will hold

Approval for setting up the

new bank, Hongkong Egyptian Bank, which will have its head-

quarters in Zamalek, was obtained in August last year.

The new bank aims to do both

commercial and investment

banking. A majority Egyptian

ownership allows banks to deal

in local and foreign currency. Still waiting in the wings,

having received approval to switch to majority Egyptian ownership, is Cairo Barclays, a joint stock bank in which

Barclays Bank International and Banque du Caire each have

the remaining 8 per cent.

Bankers worried

CONTINUED FROM PREVIOUS PAGE

kong and Shanghai Banking a 50 per cent bolding.
Corporation Later this year it
will establish a joint venture status are two banks which now



Station in one of Cairo's southern suburbs. Domestic use of energy is increasing and the government is having to look at alternatives to oil and gas to supply

period back to six months. The oil industry's over-riding burden is, however, the high level of domestic consumption. This is about 32,000 to 33,000 barrels a day and is increasing at the rate of 12-15 per cent year. Oil accounts for nearly per cent of the country's

energy needs. It is estimated that by the year 2000, commercial energy demand will be 65m tonnes oil equivalent. If oil were to represent the same proportion as it does now this would mean that 52m tonnes of oil would Egypt's oil reserves are forecast to last 15 years at current can be exported. output levels.

Faced with this prospect the Government is attempting to switch to nuclear power and gas. It hopes that by the end of the century nuclear power will provide 38 per cent of the country's energy needs, hydropower power 14 per cent and renewable energy sources such as solar 5 per cent. The rest would be from thermal power generation by oil, coal and gas.

The main drawback to this programme is the high capital cost of implementation. It is estimated, for instance, that at current prices it will cost about \$34bn to establish the proposed

have foreign branch status.

These are Lloyds Bank Inter-

national and Citibank, which

has already received approval to do so. What makes them still

hesitate is the requirement in-

troduced in 1980 that they re-linquish their existing branches. This they are reluctant to do and they had rather hoped that

the new economic team might

take a softer line on this. But

there appears to be no change

Many banks would like to pro-

vide more term lending to

viable projects but say their

capacity for doing so is limited

because their deposits are largely short term. They would like the central bank to fulfil

its role as the banks' bank, pro-

viding discount and other facilities. At present there is no lender of last resort in

Financing will also be the problem in establishing the nationwide gas network which Egypt has in mind In an attempt to attract participation by the oil majors, EGPC has, after many years' deliberation introduced a new "gas clause." It still means that no gas can be exported until reserves of 12 trillion (million million) cu ft are reached. But the main difference now is that whereas all previously discovered gas had to he handed over to EGPC, companies will now be compensated for exploration costs plus be consumed domestically, interest Once the key figure is reached the surplus as before

> The big question is just when that trigger point will be reached Officially current gas reserves are put at 5.5 trillion. cu ft. However, some outside experts put them as high as 9 trillion while even some officials within EGPC reckon they are somewhere between

7 and 8 trillion.

Many of the oil majors are sceptical, but eight companies have either signed, or are

the new gas clause, in At present most of Regard associated gas is flared in

the rate of 160m on her But by the end of this per project to collect half amount from the Gulf of S should be in operation to industries in the area. Current gas production

around 2.5m tonnes a daying three natural gas fields. largest of these, Afrod Gb in the Western Besert, privi the gas now being pipel homes in the Caino area mi the £53m contract dwarfed William Press. This will be 160,000 homes on the east be of the Nile. The Coverno intends to extend the netwo to the West Bank and to A andria for domestic and he trial use.

. The aim is to reduce bet gas consumption, almost a which is imported and h subsidised. Each bottle, we retails at 65 piastres, costs Government E£45. The erroment is also attempting raise costs to industry by creasing energy prices to private sector by 25 per a year to bring them m world prices over five years

Egyptians corrently pay and 80 per cent less than the fel national price for their end to cost the Government si \$3.2bn this year.

On the energy there is good news. In the two and a half years there h been 27 new oil discoveries two of gas. In the com financial year output from n discoveries should provide additional 40,000 barrels peri which will help Egypt meri-average daily production the for next year of 735,000 bass per day.

The most promising new f in terms of potential size is by the Suez Oil County (SUCO) in the Gulf of Si which could yield at least I

barrels per day.
Two other new finds open new areas. One is the Time discovery by IEOC officers in the Mediterranean the other is Shell Winning discovery at its Badt E D concession in the West

Last year \$175m was spe on exploration in Egypt. Shift new exploration agreemen were signed and another the this year.



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The government is to increase investment by 20 per cent to improve efficiency

### Agriculture struggling to feed the country

DR YOUSSEF WALL the new new pricing policy, Dr Wali and 1.1m feddens, Minister of Agriculture in believes, pointing out that the Some of this re

The figures tell a sorry tale system. in the vain struggle of one country to feed itself.

estimates Egypt'a population plans to spend US\$972m in rose by 1.3m or 2.7 per cent and 1981-82, mainly on land reclamates agricultural production rose tion, irrigation and drainage by 15 per cent but this was after a disastrous year in 1980 so that it was a real improvement of only 5 per cent on 1979. • It spent 5 per cent more on food subsidies and 26 per cent more on fertiliser subsidies. Consumption of food rose by per cent.

■ Exports of food remained static but the food import bill

Dr Wali identifies a number of major problems. He would like to see farm prices for croos where farmers must sell a percentage of their crop to the Government at a fixed rate, to he related to the world market.

#### Incentive

moved in this direction by raising the cotton price in the past two years. Last year a igber farm gate price for soyabeans was announced before the crop was planted, thus providing an incentive for

controlled, such as fruit and vegetables, livestock and animal feed, which are also more soited to the very small units of five acres or less that make better-organised system for up the majority of Egyptian beloing farmers with new ideas

The result of this in 1801 was that Egypt found it necessary such as cold stored to import an estimated 75 per elimination of waste.

cent of its wheat requirements, export is cotton, which is expectation of the control of the cont astonishing 94 per cent of its of foreign exchange this year lentil requirements, up from 64 as last year. The Government per cent in 1977. Income from decided to reduce the cotton

President Hosni Mubarak's system of partial control leads Government, is due to present to subsidised human foods being of agriculture in the country to would like to see the food sub- 1979-80 yields averaged 8.5 the parliament in the next few sidy system separated com- kaptars (50 biles). pletely from the farm price

The Government has already committed Itself to an increase • In 1981, according to U.S. in agricultural investment and tion, irrigation and drainage silos, storage and agricultural processing.

Until 1984, investment is planned to increase by 20 per cent with 25 per cent of the profits of the public banking sector earmarked for agricul-ture. About one-fifth of the total is expected to come from the private sector. Dr Wali would like even more, suggest-ing that the savings of workers abroad could be more productively invested in farming than in private property or luxury consumer goods.

He is particularly concerned by the erosion of farming land. Although land reclamation schemes are meeting with some sucess, albeit at high cost, some observers feel that it would be The Government bas already better for the Government to try to ston the erosion of old This is accompanied by the removal of fertile tonsoil for making into bricks, a practice for which Dr Wali would like

to see penalties introduced. farmers.

New building development,
In receot years farmers have whether for residential, public
moved towards cultivating utilities or industrial zones
crops whose prices are not should be directed towards non-farm land, with co-ordination between ministries over decision making, he believes.

He would also like to see a and research, a producer's union

rice and citrus fruit exports acreage for 1981-82 by about 7 as down.

per cent from 1.18m feddans
Egypt is in dire need of a (1.27m acres) to between 1.08m



Girl picking olives. In recent years farmers have cultivated more crops whose prices are not controlled, such as fruit and vegetables

are expected to be available. Local egg production is compared with 134,000 metric expected to satisfy demand this tons in 1980.

Dairy, livestock and poultry products are the fastest-growing sector in agriculture and account for 31 per cent of all agricultural output. Although imports of beef rose 16 per ceot in 1981, imports of poultry meat rose only 8 per cent, and the as well as subsidised, to the requirements for 1982 are consumer so as to keep as expected to decline from 82,000 much as possible for export, metric tons in 1981 to about only about 25,000 metric tons 60,000 metric tons.

year, and no imports are likely, the Agriculture Ministry said.

President Mubarak bas stressed his coocern at improving agricultural production and only a few of Dr Wali's suggestions were adopted, the change could be worthwhile, observers feel. If nothing is done, however, Egypt will be in severe difficulty by the end of the ceotury.

Margaret Ford

### Property: care needed to avoid the pitfalls

THE FIRST task of the business-man arriving in Cairo to investi-gate or to prepare the way for property business transactions setting up operations is the establish a guide to the costs and problems associated with for his business, and for ex-

The difficulties can be overcome partly with the assistance of a good, reliable Egyptian partner, agent or property broker.

In general, the laws governing the use of existing property are advantageous to the user For example, no law yet exists to prevent residential accommodation being used as offices.
Thus the offices most new companies operate from in Cairo
are located in buildings
designed as flats or villas. However, as a result of this a new commercial centre has yet to be established. Companies tend to move into accommodation on the periphery of what used to be the old centre of Cairo and this treod is accentuated by the capital's extreme traffic congestion.

Under existing law, accommodation in most buildings is offered as "furnished." This provides the landlord with the right to obtain vacant possession on the expiry of the lease period. Unfurnished tenancies provide the tenant with security of tenure in perpetuity. Needless to say, except for newlydeveloped property which may be exempt from this legislation, tenancies rarely offered.

By Western standards most lease cootracts tend to be very and brokers still use a single- centre). page document which can be popular

in Cairo are undertaken by brokers. As middlemen taking a fee from both sides, it is finding suitable premises both clearly in their interests to nbtain as high a rent as possible, national in Zamalek and the so be warned.

As a guide, the three main property categories are: 1-OFFICES. New air-coodi-

tioned blocks, built to Western atandards, are now becoming available, with open planning and other facilities. These include such buildings as the Cairo Centre, the Sarwat Building and the Arab African Building, all in or near the city centre, Abu el-Fida Building (Zamalek), Nile Tower (Gize), and the Cairo Plaza (Bulao), Companies have been (Bulaq). Companies have been slow to take up space in these

This is primarily because the cost in comparison to the alternative of converting residential accommodation is high. In addition, there is the real fear that the management wilt fall far sbort of the requirements necessary to maintain the building in a condition acceptable to the tenant-particularly having paid a premium rent for purpose-built prestige premises. Asking rents for such accom-

modation varies between \$200 to \$300 per square metre a year, and where demanded there is also a service charge of anything between \$12 and \$36 per square metre a year. Both and paid in hard currency.

2-RESIDENTIAL. The areas most favoured by expatriates in Cairo are Zamalek. Giza, Dokki uncomplicated. Many landlords and Mohandessin (all near the Ma'adi residential suburh,

Heliopolis, near the airport, is sometimes chosen by those with business requiring frequent air travel or situated near that part of the city. The two best schools, the British Interschools, American School in Ma'adi, may also affect the choice of location. Rents vary considerably, but

in general in the better areas a good two to three-bedroom apartment would cost a minimum of E£800 per month. A good villa could cost upwards of E£1,750 per month. Landlords are normally looking for

Western expatriate tenants. During negotiations such charges or extras as electric water heaters, decoration, new linen, fridge and freezer, and so on can be included as part of

the deal. - INDUSTRIAL / WARE HOUSING: Companies requiring these facilities face perbaps the largest property problem in Cairo since, at present, no market exists to lease modern functional buildings for this purpose. Permission to build in or near Cairo will be very difficult to obtain because it is Government policy to locate new industry in satellite towns in an attempt to relieve the population pressure on greater

Many multinational companies are finding this a serious to take agalost moving into locations which have few leisure activities, if any, and against commuting long distances to and from Cairo.

George Walton George Wolton, who has worked in Egypt for some years, is an Associate of the Royal Instifution of Chartered Surveyors.

### Tourism picking up after bleak winter

change earners the one most aftermath, has been thurism. Through the autumn and winter the cruise-boat fire which resulted in the suspension of 14 boats-some in mid-cruise.

Some of this reduction will

rising to 8.77 kantars the

About 4.5m kantars are expected to be available for

effort to boost exports, the

Government cut its opening

export prices on the 1981-82 crop by about 20 per cent on

Wheat production remained

relatively stable over the past

two years, and prices to farmers did not rise. Wheat straw for animal feed was said to be selling at a higher price

than wheat grain at one stage,

due to the availability of

demand for meat.

imported wheat and the strong

Bread and flour attract some

the beaviest food subsidies

loaf of flat bread costs about

1p). Rice, once a major export

crop, has failed to keep pace with the growth in domestic

consomption. Production was

down about 6 per cent in 1981

and although rice is rationed,

the previous year's price.

Stable prices ·

following year.

In the last three months of last year there was a drop of nearly 13 per cent in the number of tourists, sn that the year as a whole showed a growth rate of only 10 per cent. To the 1.38m of the previous year there bad been an increase of over 17 per cent—a rate maintained in the nine months before the

The first two morths of this year were little better with the number of tourists down another 2.5 per cent. But since then business appears to be picking up a bit. In March, the latest month for which figures are available, there was an in-crease of 2 per cent. Mndest it may be, but it was the first increase since September and the upturn appears in be continuing.

There certainly seem to be more tourists around in Upper Egypt, where hotel capacity is more limited and it is difficult to get a room in the better hotels. It is easier to do so in Cairo but that in part is due to the 2,000 additional rooms which opened last year. Hoteliers and airline managers have a less worried look on their faces but few expect the business to get back into its stride until next autumn and the worsening Gulf war could threaten even that.

A useful boost, which might belp affset the bleak winter months, is the belief that there will be a sharp increase in Arab tourists following the return of Sinai and indications of improved relations between Egypt and the Arab world. Even last year the Arab tourists were back in force.

In official revenue terms, bow-

ever, they may bave less impact. Arab tourists prefer to live in villas and apartments rather than botels. Nevertheless, they do spend a lot of money in casinos, in nightclubs and on other forms of entertainment. But they are well practised users of the black currency market which is already draining so much official revenue, They also bring with them Egyptian Egyptians. In an attempt to printing of £E100 notes.

their hotel bills in foreign There are bopes of interesting currency. They must also investors attending this week's change the equivalent of \$150 on EEC Investment Conference at arrival. It is also claimed that Alexandria. currency declaration forms are being collected more rigorously allocated to complete existing but there is little evidence of projects by the public sector

In another move aimed at

as measured by official bank been allocated in the coming visibly affected by President transfers, were down by as financial year's bud. Sadat's assassination and its much as 21 per cent, at £E315m. E£100m is needed.

Cairo botels are again clauming 90 per cent occupaocy-at mooths bottels were half empty, airlines were flying in only a down to as low as 50 per cent to find a rather because quarter full, or less, and Nile and under. This was previously in Luxor in a rather because unheard of in Cairo, but the effort to preserve its achaeological sites. A study by Arthur and the profit levels D. Little is now in the final gone for good. Another 1,600 or so rooms are due to open this year, and the pile drivers indicate that there are a lot more to come-though some botel chains appear to be baving

### **Promotion**

Increased competition, com-bined with the bleak winter months, is already forcing hoteliers to do more promotion. One botel operated by a wellknown chain has even appointed a sales manager for the first time. The botels have also been given six months by the Ministry of Tourism to ensure that their star ratings conform with international rather than Egyptian standards.

A further indication perhaps is that the new live-year plan prepared since the appointment of Mr Adel Ther as Minister of Tourism and Civil Aviation in January, sets rather more modest targets than those of his predecessor, Mr Gamal Nazer, whereas Mr Nazer was predicting that the number of tourists would reach 4m in 1985, generating revenues of \$2bm, the new plan sets targets of 2.5m tourists by fiscal 1986-87, generating revenue of \$2bm-includ-ing that changed outside the official system.

While Mr Nazer forecast that Egypt would bave between 50,000 and 55,000 rooms by 1985, the new plan anticipates a total of 41,000 rooms in 1980-81. At present. Egypt bas 20,000 botel rooms and the ministry claims that half of the 21,000 new ones required are already under construction.

Public sector companies like Egoth (the Egyptian general company for tourism and hotels) and Misr Hotels will not be investing in new botels. As result their plans to expand the Sheraton Hotel at Hurghada, and build another Sberaton at Lnxor, expand the Club Mediter-

been shelved. in Alexandria and replace it for completion in 1984, with a new botel. The Luxor Eight international ( the existing rooms will be with them Egyptian renovated. Egoth is also pulling smuggled out by out of a project with Triad to us. In an attempt to build a massive 1,200-room curb this the government botel, office and service apartrecently banned any further ments complex on the comiche near the Cairo Plaza.

This, like the other projects stemming the loss of revenues, may yet go ahead, but will tourists are now required to pay need outside financing to do so.

Government floance is being year.

OF EGYPT'S four main foreign this. Last year tourism revenues, companies. Some E£57m has financial year's budget. Another

Meanwhile, there is ao impetus to develop new areas mooths botels were half empty, the turn of the year some were for tourism. Egypt is anxious airlines were flying in only a down to as low as 50 per cent to himit the growth of tourism As an alternative to Luxor

the Ministry is pressing ahead with developing Minya, which is 250 km south of Cairo. Work on a feasibility study starts this month — by Fosweco financed by an Italian Government grant. The study is expected to take five months to complete, after which it is hoped to attract foreign finance to develop the necessary infrastructure.

But in the meantime the ministry is going ahead with developing two marinas, one at Beni Suel and the other at Minya, due for completion by the end of this year. In future, all permits for new cruise boats will be granted only to those sailing from Cairo to Minya through Beni Suef. No new cruise boats will be allowed in the Luxor Aswan area.

Simultaneously, Egypt is attempting to develop its beach tourism in the Red Sea are: and the newly-returned Sinai areas on the Gulf of Aqaba. I is still evaluating existing Sinai facilities. Although half a dozen or so companies have provisionally reserved sites in the Red Sea area, no proposals have been finalised yet.

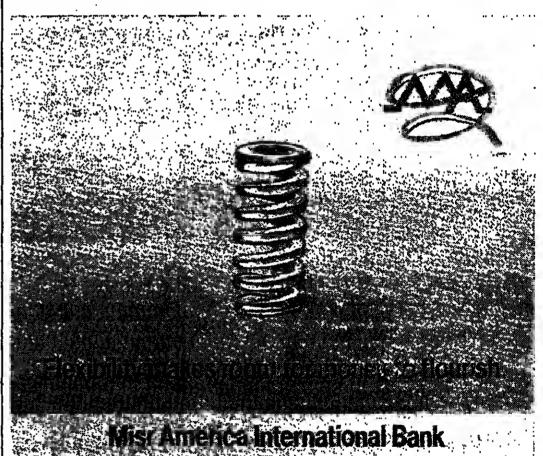
There are plans too for developing the Mediterranean coast, partly as an alternative to Alexandria for domestic and Arab tourists but also for European beach tourists, though here the competition from other countries will be fierce. Developmeot would take place both West of Alexandria where four tourist villages are plannedand along the north coast of Sinai around El Arish, where a 150-room, three-star Marriott Hotel is due to open this year -not, as was planned, in April.

There are also ambitious projects for Alexaodria-perhaps over-ambitious given that it is rather short on unpolluted beaches and still has only limited business traffic. Sherarance at Megawish, and build a ton, which is managing a hotel Marriott Hotel at Luxor, have which opened there last year. is to manage another 300-room The same applies to a project hotel, while Meridien will to pull down the San Stefano manage a similar-sized hotel due

Eight international consortia Hotel will not be expanded but bave been shortlisted to develop the Montazah area and a decision is expected any day. Lake Qarna in the Fayyoum

Oasis 100 km south of Cairo is also being developed. Some of the work iovolves the renovation of once-famous hotels such as the Auberge (to be managed by Oberoi) and the Pavillons du Chase (to be managed by Swiss Chaleis of Initial phases of Canada). these developments are due to be completed withto the next

Margaret Hughes



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CHOICE OF HOTELS

HOTEL BOOKINGS have, to (Ramsis) flyover has made it some extent, become easier than easier and faster to get you into

in previous years but it is still central Carry about 20 to 30

Four-star rated notels are the President in Zamalek, Cairo

Crillion in Agouza and Cairo

Inn in Lohandissein. All take

about 10 to 15 minutes to get into down-town. They charge

Ef21 to E£35 for a single and

E£30 to E£40 for a double-room

During rush hours, which are

usually from 7 to 8.30 am

and 12 noon to 4 pm, add 15 to

20 more minutes to reach your

Almost all hotels offer inter-national dialling and telex ser-vices, hesides the local ones.

Some of them. like the Cafro

Sheraton, Hitton, Green Pyramids and the Meridian

include business centres offer-

ing private, well-equipped offices

and conference rooms as well

as secretarial assistance. Some

even arrange your husiness

lunches, dinners and entertain.

Hotels in Alexandria are, however, fairly few, but the Montazah Sheraton, now in full

operation offering a magnificent

panorama of Alexandria from

pool, is the best hotel there. It

charges E£51 for a single and E£57 for a double room.

Second on the list, by some

degree, is the Palestine Hotel located within the Montage

private beach. It charges about EE25 for a single and EE37 for

a double. Both hotels are about

30 minutes driva on the corniche

from the centre of Alexandria. Recommended four - ster

are the San Giovani and Cecil

They both charge about E528 for a single and about E528 for a double. The former is 15 minutes away from town while

the Cecil is in the centre.

destination.

advisable to book at least ten minutes.

days in advance, either by telephone or by telex. Most hotels. President

helong to the five and four-star categories. At present, room rates of the former range from

E£41 to E£47 for a single, and E£45 to E£53 for a double room.

The two Hiltons, the Nile and the Ramses, both overlooking the Nile, are a five minutes walk

from down-town Cairo. The.

former opened its annexe with

66 more rooms to add to its 400.

and the latter with 810 rooms is

Further to the south is the

Meridien located in the Garden

City business area, also over-

looking the Nile, and a 20 minutes walk and drive to

In Giza Governorate, 20

minutes drive from the centre.

is the Cairo Sheraton. Still in

Giza, but further away, is the

charming Green Pyramids Hotel The hotel offaring the

best ambience is the historic Mens House Oberoi, which faces

the magnificent panorama of the Giza Pyramids and has the

only hotel golf course and horse-back riding in Cairo.

Closer are the two Holiday Inns, the Pyramids and the Sphinx, then the Jolie Ville,

and the new Radison Oasis Hotel. The main disadvantage of hotels in that area, is that they are at least 30 to 40

minutes away from central Cairo, and this, when the traffic is bad, can be an optimistic

Closer to the airport are the Sheraton Heliopolia, El-Salam

Hayyat, Hayyat Prince and the

Concord. The Sixth October

central town.

Traffic

now in almost full operation.

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of them in the tax-free shop or

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but still don't lose your temper. Dial the number again and again. This is how it works.

again. This is how it works.
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it. The telex system is much
more efficient—local and inter-

national telex services are pro-

VISAS

before arrival, from the Egyptian Consulate at 19 Kensington Palace Gardens, London W8, Tel 01-229 8818. However, it is no problem at the control of the con

getting it from Cairo Airport on condition that you change currency equivalent to E£130.

Visas are valid for three months

and could be extended locally.

Registration with the Ministry

of Interior must he done within seven days of arrival; most hotels will do that for you.

TIME CHANGE

Egypt is normally two hours ahead of GMT. However, summer time started from

May 1 until the end of Septem-

ber, thus subject to further changes, three hours ahead of

GMT with the exception of the

Swiss Air Le Chateaux,

Taherna Espanola at the Cairo

Inn. Arabesque and Carrol's

in down-town, the Indian res-

tanrant at the Mena House, the Cairo Cellar and La Terrasse at the President

Hotel in Zamalek bave meals

not exceding E£10 per head.

Still less expensive are ont-

door restaurants like Andrea and La Rose near the Pyramids specialising in

grilled chicken and Oriental

Don't forget to try Egyptian food, Fool and Tameyya which are worth a

try and very cheap. The

former is a kind of bean while

the latter is crushed green beans mixed with herbs, made into paste then fried in

oil. They are hest served at

Felfela in Talaat Harb St. and

El Tab'I in Tawfikeya Sq.

Egyptian films dominate

the Arab market

Both in down-town.

It is hest to obtain a visa

vided in most botels.

They have got alightly better

BUSINESS IN Egypt is best done during the period between September and the end of June, when working hours are more stable. The public and private sectors operate from 8 am to 3.30 pm, banks from 9 am to 2.30 pm. Friday is tha day off for the private and public sectors while most joint ven-tures and foreign banks take Fridays and Saturdays.

Shops close on Sundays and some tend to close also on Saturday afternoons. During that period the weather is at its most pleasant (with the exception of the Khamasin—dusty wind— occasionally between March and May), though it starts to get hotter by the end of May.

Summer vacations are usually in July and August. Unsurprisingly it is about this time that the boss usually leaves his second man to run the shop while he takes his leave. Besides, weekends tend to be longer since almost everyhody escapes the heat by going to the

It is not advisable to come to Egypt. this year, during the period June 22 to July 22 which will he Ramadan, the Moslem

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AL Zagazig Branch:

A1 Shamsy Street,

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Tel: 24880

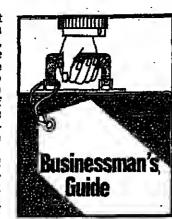
Telex: 63025 MB UN

Hyatt Prince Hotel Exchange Office

4, Al Tayaran Street, Nasr City, Cairo

Tel: 604969-604918

Al-Azhar · ·



fasting, Moslems fast from dawn till aunset (in 1983 It will be approximately June 6 to July 6).

Work is very slow, peopla tend to be bad-tempered and, most of all, working hours tend to sbrink. However, if you have to come during that time, do not be offended if your bost is a Moslem and refuses to share a drink with you or even offer you one. Make sure not to arrange appointments between 5 pm and 7 pm, because sunset will be around six, and that is when you

Moslems break their fast. They usually give themselves an hour before and after sunset to rest.

You will, in general, need to be intensely patient, tolerant and optimistic, if you intend to do business in Egypt. Arranging appointments with officials can be a problem unless you make sure to fix them in advance hefore coming. Try to conquer inevitable frustration if they are postponed or cancelled. Make sure you confirm them at least twice before actually going to the meeting, and hest one day to the meeting, and best one day hefore arrival.

Dress is not essentially formal, plain trousers and a shirt will do, but leans are not recommended. Get into contact with a locally registered agent to present your offers and tenders. Do not hesitate to do so, it will make life easier for you, especially if he bas good contacts. Thus it is better to bave a representative in Egypt who will know all the whereahouts, have a wide range of good personal contacts and report to you regularly. He would also arrange all appoint-ments and confirm them with

#### BUSINESS CONTACTS

British Embassy and Consulate

Egyptian Federation of

General Organisation for

General Authority for Investments and Free Zones 8 Adly St., Cairo.

Central Bank of Egypt 31 Kasr el Nile St., Cairo. Tel. 751529-751667-751688 Telex 714386-92237.

66 Horriya Avenue, Alexandria, Tel. 31640-34321-34328.

General Authority for Imports and Exports Control

Ramses St., El-Taamier Bld.,
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General Authority for

Exhibitions Land, Gezira, Cairo. or Exhibitions Land, Nasr City, Cairo. General Egyptian Co. for

Garden City, Cairo. Tel. 22914-22915. Egyptian General Petroleum

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Telex 54310.

Exhibitions and International

Tourism and Hotels (EGOTH)
4 Latin America St.,

Nile Hilton, Swiss Air Le Chalett and Borsalino, which is both a discotheque and a good restaurant. Meals would cost about E£25 to E£35. Less expensive meals are offered in all botel cafeterias which operate on a 24-hour basis. Good restaurants like the

If you have any intention to drive, a Fiat 128 is ideal considering traffic and parking in central Cairo—it will not cost more than E£75 a week with a minimum of 100 km/day. English-speaking drivers are also available for ££5 to ££7 a day. Fire one and you save a day. Hire one and you save

yourself a lot of mental anguish

driving in Calro.

TRANSPORT can he a con-

siderable problem in Egypt.

Rule number one: don't jump

into a public bus, otherwise you'll get aquashed. Taxis are

mainly available from hotels.

But, since the meter seldom

works, make sure to negotiate firmly the cost before getting

into the taxi-with the help of

the tourist police if necessary.

Drives within the city centre should not exceed E£1 Limousines are also available, they charge E£4 from the air-

port to down-town Cairo and E£5 to Giza. They could also he hired on a daily hasis of 12 hours, for E£30. In addition there are rent-acar agencies

such as Budget. Bita, Avis and Hertz, which bave hranches all over Egypt.

in good shape.

latter automatically

that you will arrive safely and May 20).

The fastest means to get to Alexandria is by the daily Egyptian flights from Cairo International Airport. Fares range from E£21 for a one-week ticket to E£23 for an open ticket. Trains are second best, though a bit slow.

Avis. Tel 27081. Telex 92657 Bita. Tel. 746169. Telex 383 Budget, Tel 800070, Telex 94272 Hertz, Tel. 22948, Telex 92376 Limousine Misr.

ELEGANT restaurants in

Cairo will offer yau a three-course meal, excluding drinks, at about E£30 to E£40

per head. Egyptian wine is a passable alternative for

exist. A bottle costs E£6. The

local Stella heer is very good, about Eff. The hest of these

elegant restaurants are the Palme d'Or at the Meridien,

Alaz El Din at the Caire Sheraton and King Tut Grill at the Hellopolis Sheraton.

High in the second class would be the Rotessrie at the

time jeopardised by the threat-

ened imposition of an Arah hoy-

cott at the start of Egypt's

peace negotiations with Israel. For a while the future of the industry looked bleak. Any hint of contact with Israel was

enough to put individual actors and directors on the hlacklist. Arab importers, bowever, quietly dropped their boycott

when the Egyptian film-makers'

guild firmly rejected normalisa-

tion of relations with Israel and

none of the planned co-pro-ductions materialised.

Tel 747226-747635 month of Ramadan every year.

RESTAURANTS

# Leisure places

To begin with, it is forbidden either to bring in or take out the Egyptian pound. Currency exchange, is hest, easier and faster at banks in hotel lobbies, so don't waste your time in big Remember to save EE4 for airport tax before leaving Cairo airport. If you still have Egyptian pounds, either get rid is also essential visiting.

As for Coptie Caire, the Coptic Museum and the Mualaga Church are a must, records the date, time, destina- at the airport. The official rate tion and taxi number of taxis to the sterling, hought at 149.8 from notels. This is to ensure and sold at 151.3 (rates at

city of Caire.

Znwayla, exhibiting anti-quities representing the various ages of Islamic civilisation and culture in

A more relaxing way to enjoy your time off is a felness ride on the Nile or lunch or dinner on a Nile cruise—on either the Smarabee or the Nilc Pharaoh which will cost you about E£15 to E£18 per head. The former is operated by the Meridica Hotel and the latter by the Mena House Oberoi.

All hig hotels offer oriental and western shows at their nightclnbs, besides the Nile Hilton and the Cairo Sheraton gambling casinos, where foreigners only are allowed and only foreign currency is used.

As for Alexandria, the Greco-Roman Museum, the Roman amphitheatre, Pompey's pillar and the catacombs of Kom el Shugafa are worth seeing. In addition there are El-Alamein war cemeteries, which are 65 miles west of

A swim in the Mediterranean is recommended in summer. The Montarah private heach is the best, but yon will have to pay an entrance fee of E£1 on Friday and Sunday and 75 plastres on normal weekdays. One important tip, formal dress is advisable for women any-

Best night clubs and discos-are El Fanar of Montasah Sheraton, the Dolphin of Palestine Hotel, San Giovani, Santa Lucia and Lard's Inn. The first three offer belly

# to enjoy time off

IF YOU HAVE any spare to miss the Pyramids, tha Sphinx and the sun boats all in the same area, Giza. Take a drive to the nearby Kerdasa or Haraneya villages which or maraneya vinages which appecialise in hand-made tapestries, rugs, Galabeya dresses and pottery. Just opposite the Nilc Hilton, in central Cairo, the Egyptian museum, exhibiting various ancient Egyptian antiquities,

hesides the syvagogue in the

A walk within the old city of Islamic Caire, from Bab El Fetouk to Bab Zuwayla, a stop by the Khan el Khalili oriental bazaar, all within the same area, will give you an idea about the beauty of Islamic architecture in the

In addition, of course, the visitor should go to the Islamic Museum, close to Bah Egypt.

The aound and light shows by the Pyramids and the Sphinx are highly recommended. Shows start at about 7.30 pm Mondays, Wednes-days and Saturdays and are performed in English.

have the time.

where in Egypt.

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TOTAL

Cash & Banks Investments Loans & Advances Other Assets

TOTAL

734,562,000 171,862,000 1,077,538,000 76,075,000

2,060,037,000

Joint Ventures: -Cairo Barclays International Bank/Egypt -Baoque du Caire & de Paris/Egypt -Cairo Far East Bank/Egypt

-Saudi Cairo Bank/Sandi Arahia -Cairo Amman Bank/Jordan

and participating in the following Banks: -Suez Caoal Bank/Egypt Housing & Development Bank/Egypt
 National Bank for Development/Egypt

2,060,037,000

—Egyptian International Bank/Egypt —Egyptian Gulf Bank/Egypt

though two films are still wait- television. ing for money promised by

> Arab opposition to the peace experimental films, cartoons, initiative, 51 feature films were educational films and, most made in Egypt but last year especially, films made for there were only 41. The video children. The film centre's hoom has reduced demand both annual hudget of ££150,000 in the motion picture and tele- does not stretch far and even vision markets and the industry the short films which are pro-has yet to reorganise to face duced have to fight for a show-

The present solution is to

that the show you will see was made in Egypt. Since it made local picture houses and sent to Arabic-speaking countries its first film in 1927, Egypt has ahroad, these gross for the prodominated the Arah film market. ducers an average profit of E£20,000—an adequate, if unproducing as many as 66 films excitiog, return. This dominance was for some

A trend in recent years has heen for producers without experience in the film industry to become involved in film making. They have nothing to offer hut their husiness accumen and they bave no interest in backing a picture which, though it might be acclaimed by critics and at foreign festivals, might not prove a steady box office draw in the usual markets.

Noisy

In Egypt there are still fewer than 200 picture houses and revanues are limited. The The sethack was therefore cinemas are usually full but the hrief. By 1980, Arab backing audiences consist almost for feature and telavision films entirely of noisy young men was arriving through normal and there is nothing to attract channels. Funding was again the serious film-goer. Many of easily available for marketable the better made films are never films—at an average budget of shown on general release and E£100,000—from such sources can only be seen at private as Kuwait or Saudi Arahia, screenings or occasionally on

The National Film Centre, Iraq, still heavily committed to affiliated to the Ministry of its war with Iran.

Culture, is under the direction Despite the reconciliation, the of Dr Mustafa Mohammed Ali. film industry is beset with prob-lems. In 1978, at the peak of for festivals, documentaries,

Dr Ali and his colleague,

ENTER A cinema from Casa-produce films that are exactly production organiser Mr Ahmed hlanca to Khartoum or switch on what they set out to be—a light—Sami, are hoping to persuade a television set in Muscat or hearted glimpse of an uncinemas to run one of the Bagbdad and the probability is realistic slice of life. Shown in centre's documentary films with each main feature. Television time is also heing sought. But these efforts have so far heen hampered by a lack of co-ordination between the various departments responsible

> the public.
>
> New directors have great difficulty finding a chance to offer their talents. Graduates from the Cinema Institute make a five-minute film as part of their final examination. These are sbown to the examining board-and never seen again.

for entertaining and educating

Many budding directors will never make another film, although tha film centre was able to assist seven or eight new directors last year in making documentary films. Once a film is finished there is a new problem. The direc-tor himself must arrange distri-

His chances of getting a show ing on television are reduced by foreign competition. At present, the Thames production "Upstairs, Downstairs" is running every evening on Egyptian

hution and fight for the film's

Two Egyptian films were shown in the commercial section at Cannes last month: Ra-afat El-Meehy's "Eyes Can't Sleep." and "Houseboat 70," directed by Khairy Bishara.

"Houseboat 70" tells the story of a documentary film director, in the Nasser era, who uncovers a crime while filming harsb conditions in a cotton factory. The message is that intellectuals talk a lot hut prefer to do no-

Jenny Jobbins

# تَئِكُ الاسْتَمْالِلُعِيْكُ مَ

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هكذا من المعلى

By Ian Davidson

~EVER SINCE his election to the presidency, the world has been r waiting and hoping for Ronald Reagan to come up with pro posels for limiting strategic nuclear weapons, in place of the . rejected SALT II treaty. Yet when he finally did so, almost exactly a month ago, the event . was singularly under reported. and in the meantime it seems to have disappeared, as far as the European media are concerned, winto some kind of kimbo of unreality. For all the attention s it has got, it is as though it never happened.
Not surprisingly, the Ameri-

2 June 1 1985

cans are bewildered and a little upset at the let down. To some extent, they blame themselves: tha President chose the idiosyperatic venue of graduation to launch his initiative, and for once the Administration's highpressure public relations machine failed to function properly. Moreover, enxieties over holocausts yet to come have to some extent been drowned out by wars actually in progress—the Faklands crisis, the dramatic turn in the Iran-Iraq conflict and now the fighting in South Lebanon. Finally, some element of public anti-climax was always inevitable; it is one thing to open negotiations, quite another to conclude them SALT II took seven years to - negotiate. Nevertheless, the

#### Substantial cuts in strategic missiles on both sides

Americans regard the Reagan proposals as B major initiative. and in this they are shirely

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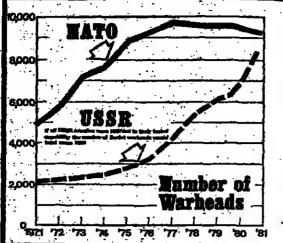
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The two SALT treaties may ave done something to stabilise the nuclear arms race. but they did little or nothing to put it into reverse. What distinguishes the Eureka plan is that it aims at very substantial reductions in the numbers of strategic missiles on both sides. We cannot be confident that the Russians will accept the proposal even in principle, let alone in detail; their immediate reflex was to blow a raspherry at it. But the Minutemen with only a fraction alacrity with which they have of their missiles, but the U.S. agreed to open negotistions could not take out all the Rus-with the U.S., before the end sian missiles with its Minuteof this month, is perhaps an men. This so-called "window of



ment which opens today.

of the 1970s lay not in the

sides would he vulnerable.

on increasingly accurate missiles has transformed the

situation, to the point where the two sides have so many

more warbeads than missiles

that they can in theory strack

each other's missiles in their

much more vulnerable to this

threat than the Soviet Union,

because of the differences in the

way the two sides have struc-

tured their forces; the most

based, rather than sea launched

and Russian land-based missiles

are much bigger than the U.S. Minutemen. Also, the Russians have a far higher proportion

of their nuclear arsenal in land-

In theory, the Soviet Union could take out all the U.S.

Minutemen with only a fraction

based silos.

The U.S. is potentially

Since then, however, the pro-

**Current Warhead** Totals NATO SLEM 51%

encouraging omen. There may, vulnerability" is highly theorvulnerability" is highly theoryou, by promoting growth, em-etical, and leaves out of account ployment, advanced technology America's enormous retaliatory—that sort of thing. The "evition: neither the Americans nor America's enormous retalistory, the Russians wanted to risk power in bombers and automarbeing pilloried as warmongers im-launched missiles (which it the second United Nations may soon approach the accur-Special Session on Disarma acy of ICBMs). Nevertheless, to ment which opens today. the Americans even this theor-it used to be said that the circal vulnerability seems danmajor arms control achievement gerous and destabilising.

To enhance stability, Reagan wants the numbers of warheads SALT treaties themselves but in the 1972 ABM treaty, which limited the superpowers to two on all ballistic missiles (sea-launched as well as land-based) (later one) anti-ballistic missile to be reduced by at least a sites each. This would promote strategic stability, because both third, to equal numbers on both sides, in such B way—and this is the important pointneither side has more than half its warheads on land-based liferation of multiple warheads missiles.

In effect, this would mean a reduction both in the numbers of the most aggressive-seeming missiles, and in the numbers of vulnerable silo targets. Its disthat it would involve them in an expensive and time-consuming process of rearranging their force structure, so as to put But they might think it was worth considering, if they believed that s more symmetrical and more stable strategic deployment had a chance of calming the Americans. The U.S. can never hope to regain stratement is likely to lead to higher gic superiority over the Soviet relative prices, delays in the Union; but the Russians know that an unrestrained arms race would be even more damaging for their debilitated economy than it would for the U.S.

There was a time when some

people believed that defence

spending is inherently good for

for this notion was described missiles (which deemed to come either from the rearmament which preceded World War II, or from the comparative study Defence and Economic Growth in Developing Countries, published by Emile Benoft in 1973. The report of the Palme Commission on Common Security, published last week as a contribution to UN Disarmament Session,

firmly rebuts this proposition, and argues persuasively that defence spending is almost certainly bad for you on every possible count. And it is particularly bad for you when it is concentrated, as it increas-ingly is in both developed and developing countries, on the acquisition of ultra-sophisti-

cated equipment. Military spending is likely to create fewer jobs than non-military public consumption, and the jobs it does create will be skewed in favour of those, like stready have high wages and low unemployment. Military spending is inflationary; according to Reagan's Council of Economic Advisers, the projected increase in weapons procure-ment is likely to lead to higher delivery of military goods, and some crowding out of private investment.

Not merely does military spending appear to have a negative effect on investment in OECD countries, but military. research seems to have a nega-

tive effect on civilian research: in Britain, France and the U.S., where defence accounts for a large proportion of publicly financed research, civilian R & D was statuc or falling as a share of GDP from 1967 to 1979. whereas in Germany and Japan

share of GDP. "Even a cursory examina-tion," says the Palme report, suggests that those countrie whose military spending has been relatively high over the post-war period-the U.S., the Soviet Union, the UK-were not best equipped to withstand the economic troubles of

military research is much

lower, and civilian R & D in-

creased by 50 per cent as

Not surprisingly, the ultinate objective espoused by the Palme report is general disarmament; what is interesting is the way its immediate priorities differ from those implied by Reagan's various Brms control proposals. Almost in passing, It calls, as a mediumterm measure, for reductions in U.S. and Soviet strategic nuclear forces, but its most urgent proposals are those designed to reduce the risk or the consequences of war in Europe; the negotiated reduction of Nato and Warsaw Pact conventional forces to equal levels, together with the withdrawal of all battlefield nuclear weapons from a zone 150 km either side of the Iron Curtain. Under Nato's doctrine of flexible, response, battlefield

deemed essential as B make-

weight for the Warsaw Pact's conventional superiority, and as the first step in the ladder of deterrence leading up to the strategic U.S. forces. But the trouble with these very shortrange weapons, it is being increasingly recognised, is that it is hard for political leaders (or military leaders, if it comes to that) to control them in the

heat of battle, that they are liable to he over-run by an advancing army, and that their forward presence is an invitation to nuclear attack in the event of hostility. If there is any validity in the notion of controlled nuclear war—the Palme Commission shares the widespread scepticism on this point-it is ill-represented front-line nuclear weapons.

It will be difficult, however, for Nato to reduce its dependence on nuclear wespons unless it perceives a better balance in conventional forces Europe. Unfortunately, negotiations on Mutual and

#### Palme argues that defence spending is bad for you

Balanced Force Reductions have been in progress in Vienna for B great many years without leaving first base. President Reagan is expected to announce B reformulation of the Nato position at this week'a Bonn summit, and the Palme Commission claims to believe

that an agreement could quickly be within reach, if only governments would put their minds to it. But since there is still no agreement on how many troops are currently on the ground on either side, scepticism seems in order. On the record it is hard to believe in a reversal of the

arms race which, like deterrence itself, is based on mutual fear. On the other hand, it is also hard to believe governments can for long fail to respood to the pressures for a rethink. "It is long past time," says the Palme Commission, "for all governments to respond to the popular urge for true security. If they fail to meet these expectations, we will all be the victims of their folly."

### Lombard

# foreign students?

By Michael Dixon

selves more harm than good by kinds. adopting western educational conventions, particularly in requiring academic certificates for entry to well paid jobs, said a World Bank report in the mid-1970s. The more employers insist on such certificates, it added, the greater the demand

"The upward push of demand

reinforces the huilt in tendency

for academic education.

of education at any one level to be preparation for the next. As a corollary the content becomes more theoretical and abstract, and les practical; experience drawn on is more universal and less local; and and manual, social and leadership skills. This education is dysfunctional for most types of

ing society."
In the World Bank'a view, therefore, Britain would be conferring B dibious blessing on economically backward nations. by taking up the proposal\*\* independent charity formed by big British companies.

for a further 15,600 foreign students. Most of the money of which £15m would be new being diverted from other over . asked:seas aid and export promotion schemes — would pay for degree-level and postgraduate studies in universities and polytechoies.

The trust's case is that its. scheme would repair some of the damage arguably done to Britain's interests abroad by the Government's decision to raise sharply from 1980 the fees of most overseas students in unlversities. colleges. The consequences have been B fall of 16 per cent to 60,900 foreign students at such institutions, and an estimated saving to the taxpayer of £170m But by confining its policy

on overseas students (as indeed on education in geoeral) to cutting public spending, the Government has left at risk the potential benefits of playing Students. educational host to foreigners. The benefits are London SWIV 2ER.

POOR COUNTRIES do them- considered to be of three main One is economic, from a sup-

osedly greater inclination to buy British among overseas managers who have received their higher education here. The second is political, from similar loyalty among foreign students who have returned to high ministerial or diplomatic positon. The third is academic. outstanding overseas scholars and the international leavening their presence gives to the edu-

It is time, the trust says, for Britain to invest in selective scholarships. Only part of tha cognitive or purely mental skills investment would be used to are emphasised over attitudes attract the students from the countries most likely to provida Scholarships would also be employment ... and for playing available in countries which other roles needed in a develop-deserve British aid because they are dependent, have strong Commonwealth associations, or are poor.

But just an the World Bank cast doubt on increased academic education as a way to published yesterday by the help poor nations, a report Overseas Students Trust, an which the trust itself published last year severely questioned last year severely questioned The proposal is that an extra the same prescription as a wise £34m of public funds a year way of promoting overseas should be spent on scholarships trade. The report on the costs and benefits of foreign students was written by Professor Mark Blaug, the London University public expenditure, the rest educational economist, who

> "Who is to say that factory visits and short in-plant training courses, geared to particuengineers, technicians, scientists, bankers, ministry officials, etc., might not achieve the same stimulus to British exports at a lower cost than full-time study in a British tertiary educational institution? Who is to say, either, that the same might not be true of promoting political friendship abroad? And since the academic

kind of benefit would be predominantly to the educational institutions themselves, there seems no good reason for extra public spending to pay for lt. \* Education Sector Working Paper, December 1974. World Bank, 1818, R. Street, NW, Washington DC.

\*\*A Policy for Overseas Overseos Students Denbigh Street.

### ्रमुक्त्रहें स्वरूपके मेर्गुल किस्तु के स्वरूपी के के सिंह है जिल्ला Letters to the Editor

### The schismatic effect of current cost accounting

As a heretic, however, I do not believe that your columnist. has ever had the misfortune to generate current cost accounting figures and realise the patent absurdities which are inherent in both the practical operation and the concept of inflation adjustment.

There is the problem of obtaining appropriate series to index costs. In the UK this is simple but to obtain appropriate international indices is virtually impossible for many countries. Moreover, the CSO booklet on the subject, published in 1978, is now sady

There is the well documented problem with the definition of the gearing adjustment to which no universally satisfac-tory solution has been pro-

There is conceptual difficulty of indexing historical costs of fixed assets to approximate future replacement costs when, due to technological advances, the nature of new capital will be significantly different from existing fixed assets.

The much vaunted aspect of CCA in providing comparable data across different companies and different industries is a chimera. Even your sophisticated analysts mention, as B statement only, CCA profits in only four out of 12 UK company reports on May 27. I do not accept that the CCA figures provide the majority of share-balders with any useful addiholders with any useful addi-tional information not obtainable from historic accounts. Surely even the most naive can deduce that an established. Sir, Lex refers (May 27) to assorted fellow members of engineering company with a the current cost accounting the Institute of Chartered Acheavy industrial base of fixed schisin. assets will face greater replace. There need not of course be ment problems than, say, a recently established electronics company with few recently

acquired assets. It is my opinion that both the council of the Institute of Chartered Accountants and Lex are pursuing a religious symbol as clusive as the Holy Grail without hope of success. P. I. Payne,

accounting in general and Lex should review our and not with "hoi polioi"! SSAP 16. in particular should correspondence files to see that Lansdown House, be strongly supported by Lex opposition is genuine, well Walberton, Arundel, (May 27) was, of course, founded, thoughtful and from a West Sussex.

From Mr P. Poine.

Sir,—Lex (May 27) casti "the "informed" (or "establishing ated the heretics who believe; ment") view that such account is probably better able to judge that SSAP16 is not the true ing is a "good thing" and that the cost effectiveness gospel. is either stupid or is motivated. It is unlikely that there will

try and commerce where SSAP 16 is widely considered to be. at best, an expensive irrelevance and, at worst, subjective nonsense. It may improve the fee income of some accountancy firms but it has done and will do nothing to help companies manage their businesses better. Burgers Hill,

Those people who now proclaim, most loudly, the virtues of SSAP 16 were, in the main, the same people who tried to force through earlier proposals to completely replace the his-torical cost convention of accounting with the current cost convention. What chaos that would have caused.

Are we really expected to Are we really expected to take seriously the statement that "subjectivity is preferable to false objectivity." Let us not mines words. "Subjectivity" in this context means thinking up the most suitable figures to include Surah the total sociude. Surely the job of accountants should be to prepare objective reports. Readers of those reports can surply the subjectivity when they make their own interpretations of those figures.

The proposers of the resolution are seeking to bring back some common sense realism I wish them success. John Tilbrook, Allebone & Song

Oakley Rood. Rushden, ..

From Messrs. M. Haslam und K. Keymer Sir,—Lex refers (May 27) to

a schism if the resolution passed useless hot air by Institute of Chartered D. H. R. Holland 1977 (that no system of CCA be made compulsory) had been accepted by the council To Terminological adopt a tennés standard (golf has too complicated a scoring tautology system for backwoodsmen From Mr P. Youdit chartered accountants from Sir, One is susprised that Burges Hill) it was game, set someone with Bertie Rams-

by malket.

This is not a view one hears out CCA and it is therefore expressed frequently in industry and commerce where SSAP pressure is brought to bear by the determined and vociferous action of our supporters so that CCA may finally be laid to rest. David Keymer, Martin Haslam. Keymer Haslam & Co. 4-6 Church Road,

> From Mr D. Holland Sir,—Lex is entitled to his point of view (May 27) concerning current cost accounts and to poke fun at those whose bappens to be different from his own. One wonders however, whether he is on to a percentage of the take of the costs involved in auditing CCA. Historically, inflation has been with us several times before, with each period of inflation heing followed by a much longer period of stability. I cannot believe that we should help to exceed the stability of the several stability of the several stability.

> belp to encourage inflation by accounting for lt. The prime object of accounting standards surely should be to achieve comparability. Progress in this area has been all too slow, and dabbling in subjective matters, such as CCA, will only cause further delay.

> Any reasonably competent analyst can produce, should he so wish, his own CCA from the historical cost accounts. Virtually all the information is there or will be when the 1981 accounts. Companies Act becomes fully operational.

I sincerely hope that my "illcountants will be sufficient in number to banish foreover the useless hot air that is SSAP

7/8 Warwick Street, W.1.

From Mr S. Tilbrook
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Sir, — That current cost
Sir, — That current cost
S

#### Venezuela and Guyana 1

From the High Commissioner

Sir,—Your Caracas correspondent reports (May 25) that the President of the leading opposition party in Venezuela, Accion Democratica, has suggested a compromise agreement to Venezuela's claim to more than two-thirds of Guyana under which "the disputed zone would be split between the two nations."

The far-reaching implications of this proposal are obvious. It means generally that any state can challenge an internationally recognised boundary, assert a claim to part of the neighbouring state, declare that a dispute exists, and then advocate a sharing of the so-called disputed

The proposal overlooks in this specific instance that the boundary between Guyana and Venezuela was settled under a treaty signed in February 1897 between Britain and Venezuela, and engaging considerable U.S. diplomacy. The treaty established an arbitral trabunal which met in Paris in 1899 and which, after 55 sessions of the most extensive examination, including oral and documentary evidence, of the history of some four centuries of settlement and control, delineated the existing boundary line.

The award of the trihunel was accepted by both parties, Britain and Venezuela, as a "full, perfect and final settlement" of the border issue. The boundary defined by the arbitral tribunal was later demarcated by the British-Venezuelan mixed boundary commission during 1901-1905, and was accepted by successive generations of British, Guyanese and Venezuelans and, indeed hy the international community. Then in 1962, on the eve of Guyana's independence, Venezuela raised the question of the boundary and repudiated the validity of the arbitral award

This existing boundary line between Guyana and Venezuela was established in a very formal way by an exhaustive juridical process. To declare it invalid after a long interval on grounds so far unsubstantiated, and then to propose a division of the considerable area alleged to be in dispute, if upheld, would undermine regional peace and security and constitute a serious threat to international stability.

Cedric L. Joseph.

3 Palace Court, Bayswater Road, W2

ISSUE BY TENDER OF £750,000,000

### 124 per cent TREASURY **CONVERTIBLE STOCK, 1986**

MINIMUM TENDER PRICE £97.75 PER CENT

PAYABLE AS FOLLOWS Daposit with tender £30.00 per cent
On Monday, 19th July 1982 Balance of purchase money
INTEREST PAYABLE HALF-YEARLY-ON 14TH JANUARY AND;

INTEREST PAYABLE HALF-YEARLY ON 14TH JANUARY AND;

14TH JULY:

This Stock is an investment felling within Part if of the First Schedule to the Trustee Investments Act 1961. Application has been made to the Countril of The Stock Exchange for the Stock to be admitted to the Official List. THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND ere authorised for receive tenders for the above Stock.

The principel of and interest on the Stock will be a charge on the National Loon Fundo, with recourse to the Consollected Fund of the United Kingdom. The Stock will be registered at the Bonk of England or at the Bank of Ireland, Belfisst, and will be transforable, in multiples of one penny, by instrument in writing in occordence with the Stock Transfer Act 1963. Transfers will be free of stamp duty.

Interest will be payable half-yearly on 14th January and 14th July. Income tax will be deducted from payments of more than 25 per ennum. Interest werronts will be transmitted by post. The first Interest payment will be made on 14th January 1983 at the mit of 55.4186 per £100 of the Stock. Holdings of 12th per cent Tressury Convertible Stock, 1986 mey, at the ootion of holder, be converted in whole or in part into 13 per cent Tressury. Stock, 2000, as on the following dotes and at the indicated rates:

Nominel amount of 13 per cent Tressury.

g constant at the indicated rates:

Nominal amount of 13 per cant Treasury

Stock, 2000 per \$100 nominal of 12, per cent

Treasury Convertible Stock, 1996

£37

£95.

£93

£93 

be sexued to holdern at the oppropriate times. Where a holding is held jointly by more than two holders options to convert may be exercised by a majority of them.

Comoloted forms of acceptance in respect of each of the options to convert, occompanied by certificates of title for holdings of 12% per cont Treasury occompanied by certificates of title for holdings of 12% per cont Treasury Convertible Stock, 1986, must be lodged at the Bank of England, New Change, London, EC4M 9AA, or at the Benk of Ireland, Moyne Builtings. 1st Floor, 20 Callendor Street, Belfast, BTI 58N, not later then close of business five working days before each dats of conversion.

Har Majosty's Treasury have directed that Section 326 of the Income and Corporation Taxes Act 1970 (which related to the treatment for taxation purposes of finencial concorns whose business consists wholly of partly in dealing in securities) shall opply to exchanges of securities made in pumbance of the conversion offer.

Holdings of 12% per cent Treasury Convertible Stock, 1986 in respect of which options to convert heve not been exercised will be impaid at per on 14th July 1986.

Tenders must be lodged at the Bank of England, New tasses (A), Walling Street, London, EC4M 9AA not later than 10.00 A.M. ON WEDNESDAY, 9TH JUNE 1982, or at any of the Branches of the Bank of England or at the Glasgow Agency of the Bank of England not later than 3.39 P.M. ON TUESDAY, 9TH JUNE 1982, Tenders will not be revocable between 10.00 am on Wednesday, 9th June 1982 and 10.00 a.m. on Monday, 14th June 1982.

Tenders will not be revocable between 10.00 am on Wednesday, 9th June 1982 and 10.00 a.m. on Monday, 14th June 1982.

Tenders will not be revocable between 10.00 am on Wednesday, 9th June 1982 and 10.00 a.m. on Monday, 14th June 1982.

Tenders will not be revocable between 10.00 am on Wednesday, 9th June 1982 are the number of the nominal amount of Stock tendered for must accompany each tender; the Chernal Islands or the lale of Man.

Tondem must be for a minimum of £100 Sto

Amount of Stock tendered for

£1,000-£3,000 £3,000-£10,000 £1,000 £10.000-£50.000

E10,000-E30,000 or greater

E50,000 or greater

Her Majesty's Traseury reserve the right to reject any tender or to allot a least amount of Stock than that tendered for, if undemulascrated, the Stock will be allotted at the minimum price, the balance of Stock not tendered for being allotted at the minimum price to the Governor and Company of the Bank of England, leave Oepartment. If oversubscribed, all allotments will be made at the lowest price at which any tender is accepted (the allotment price), and tenders which are accepted and which are made at prices above the allotment price will be allotted in full.

renders which are accepted and which are made at prices above the allotment price will be elicited in full.

Letters of allotment in respect of Stock allotted, being the only form in which the Stock may be transferred prior to registration, will be despected by post at the risk of the tenderer, but the despected of any letter of allotment, and any refund of the balance of the amount paid as deposit, may at the discretion of the Bank of England be withheld until the tenderer's cheque has been pard. In the event of such withhelding, the tenderer will be notified by lorter by the Bank of England of the acceptance of his bender and of the amount of Stock allocated to him, subject in each case to payment of his chaque, but such notification will confer no right on the tenderer to massier the Stock so allocated.

No allotment will be made for a less amount than £100 Stock. In the event of partial allotment, the belience of the amount paid as deposit will, when refunded the remnitted by cheque despectable by post at the tak of the tenderer; it no allotment is made the amount paid as deposit will be returned likewise. Payment in full may be made at any time after allotment but no discount will be sliewed on euch payment. Interest may be changed on a day-to-day basis

TENOERS MUST BE 100GED AT THE BANK OF ENGLAND, NEW ISSUES (A).

WATLING STREET, LONDON, EC4M BAA NOT LATER THAN 10.00 AM ON WEDNESOAY, 9TH JUNE 1982, OR AT ANY OF THE BRANCHES OF THE BANK OF ENGLAND OR AT THE GLASGOW AGENCY OF THE BANK, OF ENGLAND NOT LATER THAN 3.30 P.M. ON TUESOAY, 8TH JUNE 1982.

Inter-Bank Offered Rate for seven day deposits in sterling ("LIBOR") plus it per cent per annum. Such rate will be determined by the Bonk of England by reference to market quorations, on the due date for the relevant payment, for LIBOR obtained from such source or accuses as the Bank of England shall consider appropriate. Dafault in due payment of any emount in respect of the Stock will render the alletment of such Stock liable to caecellation and any amount proviously pald liable to forfeiture. Letters of allowment may be opit into denominations of multiples of £100 on written request received by the Bank of England. New Issues, Watting Street, London, ECAM SAA, or by ony of the Bank of England. New Issues, Watting Street, London, ECAM SAA, or by ony of the Bank of England, on any date not later than 15th July 1982. Such requests must be signed and must be accompanied by the letters of ellotment. Letters of ellotment must be surrendered for registration, accompanied by a completed registration form, when the belance of the purchose money to paid, unless payment in full has been made before the outcome money to paid, unless payment in full has been made before the due date. In which caes they must be outrendered for registration not later than 19th July 1982.

Tender forms and copies of this prospecture and of the prospectus dated 20th June 1980 for 13 per cent Treasury Stock, 2000 may be obtained at the Bank of England, 25 St. Vincent Place, Glosgow, Gl 25B; et the Bank of Ireland, Moyne Buildings, 1st Roor, 20 Callender Street, Bellast, BT 58N; at Mullene in the Upited Kingdom. in the United Kingdom.
BANK OF ENRLANO
LONOON
4th June 1982

### THIS FORM MAY BE USED

TENDER FORM This form must be lodged at the Bank of England, New Issues (A). Watting atreet, London, EC4M SAA not later than 10.00 A.M. ON WEDNESDAY, 8th JUNE 1982, or at any of the Branches of the Bank of England or at the Giasgow Agency of the Bank of England (25 St. Vincent Piace, Glasgow, G1 2EB) not later than 3.30 P.M. ON TUESOAY, 8th JUNE 1982.

ISSUE BY TENDER OF £750,000,000

### 12½ per cent TREASURY **CONVERTIBLE STOCK, 1986**

MINIMUM TENDER PRICE £97.75 PER CENT

TO THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND

000,013—000 000,003—000,003—000,003—000,003 000,003—000,003—000,003	£
comt of deposit enclosed, being £30.00 every £100 of the nominal amount of ck tandered for (shown in Box 1 typ):	£
price tendered per £100 Stock, being	3. TENOER PRICE (b)
multiple of 25p and not less than the	£ : p

I/We haveby engage to pay the balance of the purchase money when it be due on any ellotment that may be made in respect of this tender, as piby the said prospectus.

I/We request that any laster of ellotment in respect of Stock ellotted to be east by post at my/our risk to me/us at the address shown below.

PLEASE ÚS	E BLOCK LI		shalf of, tenderer	
MR/MRS MISS		ME(S) IN FUI	ı. sı	JRNAME
				17 2 7
FULL POST ADDRESS:			:.	
· · · ·	;		-	
	POS	T-TOWN	COUNTY	POSTCODE

a A separate cheque must accompany each tender. Cheques should be made payable to "Bank of England" and crossed "Treatury Stock." Cheques must be drawn on a bank in, and be payable in, the United Kingdom, the Channel Islands or the Isla of Man. b The price tendered must be a multiple of 25p and not less than the minimum tender price. If so price is stated, this tender will be deemed to have been made at the minimum tender price. Each tender must be for one smount.

STAMP OF LODGING

### Argyll launches offer to fund Allied Suppliers deal in battle

Argyll Foods has embarked on for conversion to Argyll's exist- appears to have been quite the last phase of the acquisition ing Cordon Bleu freezer foods sharply divided on the merit of of Allled Suppliers and has published the prospectus for the offer for sale by tender which will fund the majority of the

Having obtained a clean bill of health from the Office of Fair Trading and the consent of its are expected to start seveo days

The striking price of the offer has heen pitched at a minimum of 85p and a maximum of 100p per share, which would raise between £81m and £95m.

The market capitalisation of the enlarged group will be £118m at the lowest end of the scale and £139m at the top. Prnfits, including £2.5m as the surplus on the sale of trade properties, will fall hetween £17.3m and £19.4m depending nn the striking price and the con-sequent level of deht servicing

Earnings per shere, including the property disposal surplus and after a notional full tax charge would come within the range of 6p and 6.7p per share. Argyll expects that the average property disposal profit of about £3m achieved annually by Allied over the last few years can be maintained in the foreseeable fulure.

A dividend of not less than 3.75p per sbare has been fore-cast for the year ended March 31, 1983, which indicates a gross yield of between 6.3 and 5.4 per

Allied currently holds about 200 stores for disposal and has recently been selling or closing ahout 50 Liptons stores each

final desirable level of Lipton's store population, but a significant number of the marginally profit-

ioterest rate of 1514% p.a.

CREDIT LYONNAIS

Luxembourg

Fiscal Bank

Relevant interest payments will be as follows:

ljubljanska banka

US\$25,000.000 Floating Rate Notes due June 1987

In accordance with the conditions of the Notes notice is

hereby given that for the six-month period 7th June 1983

to 7th December 1982 (183 days) the Notes will carry an

Notes of \$5,000 US\$398.72.

Laporte

Salient figures

Profit before taxation

Ordinary dividends

Earnings per share (pence)

the corresponding period of lest yeer.

continue in 1982

Profit/(loss) after taxation and extraordinary items

Argyll has acknowledged that its debts will be high initially, but the gearing level of 70 per cent at the lowest offer price, is enough bullish brokerage com-taking in property disposel and ment in circulation to help push portfolio revaluation is expected to fall quickly.

It is understood that, with own shareholders. Argyll will high cash flow and further store even the upper echelons of the open the application lists for and non-trading asset disposals, range. Allted has undoubted the offer on June 10. Dealings gearing will not exceed 50 per cent by the end of the current financial year.

There is no profit forecast for the current year, but significant scale are expected from the Allied acquisition and the enlarged group will be cstablished as a major food retailer and the quality of Argyll's earnings will be enhanced.

ground 10 days hence. The City, lated into fact.

he ambitious re-flotation of Allied and the deal bas either been completely sbunned or welcomed enthusiastically. There is enough bullish brokerage comthe few waverers into the offer so that the striking price may well be pitched in the middle or potential bus does not automatically guarantee organic growth. Its immediate promise has been partly mortgaged in favour of the vendor's cesh needs and, at the lowest striking price, gearing would be some 70 per cent allowing for the property revaluation and estimated disposal proceeds. The decisions which Argyll will now be taking on portfolio restructuring, pricing policy, working capital needs and Allied's It would be wrong to expect, or even to hope for, many fireworks when Argyll gets off the speed with which bops is trans-

### Pressure continues on Sears Holdings margins

increased expenses, Mr Leonard will emphasise its financial Sainer, chairman, says in bis strength. annual statement. However, As rep every effort is being made to effect further economies and reduce administration costs.

There are no real signs yet of a recovery in the UK economy, he says, and in the U.S. unemployment levels and high interest rates are having an adverse effect on consumer spending.

With any Improvement in trading conditions, he is confi-dent that the group will be well placed, following the sleps it has already takeo.

CREDIT LYONNAIS

Londou

Agent Bank

Lonrho's circular says: " We were surprised to hear after we made our own bid last year that the board's defence included system-MARGINS AT Sears Holdings s professional revaluation of the continue to be under pressure, group's properties will be car-as a result of competition and ried out, which Mr Sainer says atically lobbying political and other support to deny the possi-bility of a bid to shareholders.

During the period of the Monopolies and Mergers Commission's inquiry the board orchestrated, on other than com-As reported on May 12 Sears Holdings advanced from taxable profits of £99.7m to £104m in the year to January 31 1982 and raised its total dividend to 2.5p (2.3p) net per 25p share with a

final of 1.8p (1.6p). Shareholders' funds stood at £559.9m (£544.1m) at the year end, and loan capital outstanding was £117.3m (£95.6m). Current liabilities came to £217.9m (£208,1m) and current essets to £399m (£391.3m), while fixed-assets were valued at £475.8m. number of the marginally profitation already taken. (£454.8m). During the year able outlets is seen as suitable. At the end of the current year there was an increase in working. capital of £14.5m (£48.7m).

Meeting. Selfridge Hotel, W,

### Members of Parliament for maximum political opposition to the Lourbo offer."

ALPINE SPORTS

**UK COMPANY NEWS** 

Lonrho

fights on

with Fraser

THE WAR of words between

stores group, House of Fraser

and its largest shareholder

Lenrbo, with 29.99 per cent of

the equity, continued over the

weekend, in a haild up to the

confrontation at Fraser's annual

meeting on Thursday June 24.

have heen sent a document by

Lourho presenting its case for

meeting later this month.

approval.

any source.

cent company law.

Other Fraser shareholders

proposed offer which might

Referring to that resolution

be made for their shares from

Mr Raymond Hocking and Mr Peter Copp. of Stoy Hayward and Partners have been appointed joint receivers of Alpine Sports Holborn. Trading

mercial grounds, opposition to a further bid. The board engaged

encourage House of Fraser senior

management to approach their

### Dwek in profit year end: reinstates dividend

PVC SHEETING and household placed under adverse pressure goods maker and distributor. This factor will inevitably Dwek Group turned from taxable losses of £351,000 to profits of £58,000 in 1981. At the half year stage it had already moved into the black with profits of £49,000 compared with losses of £105,000, With earnings per 10p share of this close company given as 0.64p (4.33p losses) the year's dividend is being reinstated with

a payment of 0.2432p net. Mr M. Dwek, chairman, says that turoover for the first quarter of current year is comparable with that of 1981, but with the market, margins are being (£53,000).

1981

£'000

214,670

15,212

6.548

4,052

10.78

Progress made in 1981 should

The Annual General Meeting of chemical manufacturers, Laporte Industries (Holdings) Limited was held on 4th June 1982. The following are extracts from the

• Trading in the first few months of the current year has been up to expectations. The level of ectivity of most business areas has been similar to that achieved in the second half of last year, which means that, overall, it has been better than during

• With regard to the economic climate in which we operate, it would be unfair of me to say that any significant upsurge has been observed by us; on the other hand there is little doubt in my mind that we reached the bottom of the cycle some little while ago, and elthough no really significent improvement in demand has been felt,

the fact that our rationelisation occurred in good time, end that we are now a more

efficient, productive end cost conscious unit, means that even without substantial

economic growth, we ere very much more solidly based in terms of herd core

I can report satisfactory performances in the first few months of this yeer by our .

relatively new subsidiaries. Our aim to broeden the technological base of our Company is proceeding with vigour end we are plecing grawing emphasis on

extending our activities into releted but less capital intensive businesses.

statement made at that Meeting by the Chairman, Mr R. M. Ringwald CBE.

This factor will inevitably inhibit progress in first half of 1982, he says. However, given a favourable reception to new products to complement existing ranges, further progress should be made in second six months.

. Turoover for 1981 moved abead from £9.47m to £13.14m, tax took £4,000 (£9,000) and last year there were additionally minority debits of £5,000. surplus of insurance compensation received over book value has been credited as an extraordinary item of

1980

£.000

196,531

11,696

(7,862)

4,052

#### MINING NEWS

### Rand London to get £1.6m injection

BY GEORGE MILLING-STANLEY

SOUTH AFRICA'S struggling taken over as chairman, unlor mining group Rand He is replaced as ma London is to receive some assistance from its UK parent, Burnett and Hallamshire, in the form of a R3m (£1.6m) eash in-

In addition, Rand London plans to raise further cash through two resolutions it has added to the agenda for Fraser's annual Johannesburg correspondent. The Lonrho, defeated in its attempt prestige head office building under construction in Johnne to take over Fraser last year by burg and the Brockwell Rand London is to be extrice enthracite mine in Natal, from its present difficulties, operated by the Rand London The group has no big pro a ruling hy the Monopolies and Mergers Commissions, seeks to prevent Fraser directors restor-Coal subsidiary, could both be ing their right to issue shares without recourse to shareholder

Rand London lost a net R6.8m Directors' power to in the six months to December share capital was changed by re-March 31 1982, the new finaocial year-eod. holders to adopt its second resohution which says that share-holders "shall be given the opportunity to consider any offer

Burnett and Hellamsbire, which bought a 51 per cent in-terest in Rand London last year. has made several changes to the company's top management. Mr Alan Heber-Percy, former chairman, has resigned along with several other directors, while the former managing director, veyor belt which is u Mr Bernard Holtshousen, bas coal out of the mine.

He is replaced as managing director by Mr John Hall, who used to run B and H's biggest opencast coal mining subsidiary Northern Strip Mining. The UK roup's chairman, Mr George Heisby, and managing director, Mr Eric Grayson, have both asset disposels, reports our joined the Rand London board.

Johannesburg market opinion suggests that B and H will have to come up with more cash if Rand London is to be extricated

The group has no big profit-earner at present, and is in-volved in litigation with Iscor, the state-owned steelmaker, over the failure of the Kempslust 30 last year, and is expected to mine to deliver contracted ton-report a loss for the nine months nages of coal. The mine is being operation to band-got working, as its seams are too narrow to accommodste mechanical clearance

a recent raid by Futher. saboteurs has destroyed Kempslust's transformer, and temporarily halted the main con veyor belt which is used to haul

### Botrest set to close mine if debt restructuring fails

Selebl-Phikwe copper to timit its losses, but has been imine in Botswana will persuaded by Anglo American nickel mine in Botswana will probably have to close if current and the Botswana Government negotiations to restructure its not to withdraw from the venture according to Mr Jack Goth, private sector in Botswana, and chairman of the mine's holding supports a town of 40,000 company Botswana RST (Part 1)

The mine lost Pula 62.6m (£34m) last year, more than four times as much as in 1980, reports Bernard Simon from Johannesburg. A small operat-ing profit was wiped out by high interest payments on accumulated debt and foreign exchange

The decline in nickel and copper prices is at the root of the problems of the mine, which is jointly owned by Amax of the U.S. and South Africa's Anglo American Corporation.

Amax Nickel, which purchases the nickel matte output, has

Officials in Geborone, the

capital, claim that an agreement restructure the mine's finances for a third time will probably be signed later this month. This is aimed at keeping the operation alive for another four years, and will include sn agreement by major creditors to write off all interest and royalty payments due to them.

The biggest creditors, apart from the mine's owners and the government, are the West German development bank Kredit-anstalt fuer Wiederaufbau, Africa's Development Corporation and Chase Manhattan Bank.

sought a reduction in deliveries Mr Goth commented that the to 30,000 tonnes a year from the has continued to experi-45,0000 tonnes in 1981.

Mr Goth commented that the mine has continued to experi-45,0000 tonnes in 1981. The U.S. company is under-stood to he willing to see Selehi-Phikwe shut down in an attempt provided emergency funds.

### RECENT ISSUES

### EQUITIES

price p	dn pind	Renung. Date		82 Low	Stock	Closing	2 + or	Olvi p.	5.5	Yleid	Retlo.
15 F 1200 F 1871:pF 4860 F 105 F 105 F 105 F 1136 F 1136 F	PPPPPPPPPPPPPPPPPPPPPPPPPPPPPPPPPPPPPPP	15 4 4/5 28/5 20/6	101 52 480 158 08 17 200 - 275 121 070	92 19 295 140 67 10 245 250 110 085 68 160 132	Assoc. Heat Services #Black Michaell 800 Cambrian & Gen. 7:p #Cont. Microwave #firuck Hidge Electro Prot. US\$0.60 aGroup inv Option -\$10 Technology #Jebsen Brilling #Miles 55 10p. #Radio Gity 'A' NV. #Ruddio (G) 10p.  Standard Secs. Stewart Nairn. Zambiz Cona Cpr 16K	86 30 420 158 85 14 247 800 181 640 95 164 185 38	+2		2.4 5.9 0.5 8.9 4.5 2.2 1.5 8.6	1.8 0.1 1.0 9.6 2.4 4.5 8.7	15.6 27.4 11.6 10.5 10.5 10.8

### **FIXED INTEREST STOCKS**

Orioe 5	Paid up	High I Low	Stock	Price and + or
109.393.20 \$100 F. \$100 F. \$100 F. \$100 F. \$100 F. \$100 F. \$100 F.	P. 177 P P NII - P P P	102 4 101 4 145 2 156 47 58 45 45 1 pm 12 pm 11 11 100 2 100 4 100 9 2	BournemouthWater9% Red. Prf. '87 80 Cred. Foncier de France 1472 Lon.2097 East Anglie Water 9% Red. Prf. 1967 First Nat. 184pc Conv. Uns. Ln. 1987 (Grt. N'rth'n Inv. 4pp Net Cum. Prf. 21 Do. 4.7pc Net Cum. Prf. 21 Mariborough Props. 19% Cnv. Ln. '88-2092 Mid-Southern Wtr. 9% Pref. 1087 Nationwide BdQ. 80c. 144.% (35/4/85) Oc. 15/n% (33/0/83) Sueens Most 104% Cnv. '89-91 Wrexhem Weter 0% Red. Prf. '87-80	25   +   <sub>2</sub> 101   4   148   59   54 pm + 14 11   100   2   99   3
		"RIG	HTS" OFFERS	:

### Latest

price		enenc.	19	82		£8,	+0
P	₹8 .	<b>A</b>	: HIOh	Low	Stock	Orosing Price	-
10 170 155 174 174 10 50 500 500 500 50 50 150 150 153 26	F.P.:27/ F.P.:13/ F.P.:88/ Nil   — F.P.:10/ F.P.:20/ F.P.:20/ F.P.:20/ Nil   — F.P.:14/ F.P.:10/ Nil   —	5 21/6 5 21/6 5 18/6 5 18.6 5 11/6 8 88/4	190 178 40pm 5pm 610 576 24spm 8pm 120pm 384	180 158 44pm 5 570 580 2120m 80pm 270 104 148	Grand Met 50p Great Northern Tel (£10) Groveball (50)	180 178 500 m 55m 55m 57s 814 pm 800 m 242 114	
							_

Renonciation data assumity last day for desting line of stamo duty. 6 Pigurabased on Orospecture astinates. d Dividend rate pold or payable on part of capital: cover based on dividend on 10 capital. 9 Assomed dividend and yield. I indicated dividend: cover relatits to pravious dividend, P/E ratio based on latest annual earologs. o Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other efficies astimates for 1952. Q Grass. T Figures assomed, a Figures or report sweited, it cover allows for conversion of charge not now renking for dividend or ranking only for rastricted dividends. S Piecting price. p Pence onless otherwise indicated. It lessed by tender. I Offered to holders of ardinary shares as a "rights." "I sensed by way of capitalisation. If Reintroduced. If instead to former greaters one indicate. A literature of the cover. If introduction. () Issued to former greaters one indicate. A With warrants. If Destings under special Rule. A United Securities Market. It London Listing. It Effective lesses price after scrip. If Formerly deet in under Rule 183(2)(s). A lessed fire as as se entitlement to ordinary holders.

### FINANCE FOR INDUSTRY TERM DEPOSITS.

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. interest paid gross, half-yearly. Rates for deposits received not later then

131 181 131 131 181 131 131 131 Deposits to and further information from The Treasurer, Finance for Industry pic, 91 Waterloo Rd., London SEI 8XP (01-928 7822, Ext. 367).

Cheques payable to "Bank of England, a'c FRI" FRI is the holding company for ICFC and FCL.

### PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next-few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus\*) bave been officially published. It should be emphasised that dividends to be declared will not necessarily be at the amounts in the column besded "Announcement last year."

Date	Antrounes- ment lest	Armounce- Date mont lest
	year	year
Allied	- 16 out	International
ColloideJuly 16	Final 2087	TimberJune 16 Ficel 2.0
Allnett		*Johnson and
LondonJuly 16	Final 3.4	Firth Brown June 11 - Interfal 1.3
Associated		*Joknaun
NewspapersJuly 15	Interim 4.5	Metthey: June 18 Final 6.5
BPB IndsJune 30	Francis D	Kenning
Baker Perkins June 25	Cinel 20	MotorJune 18 Interim 5.75
DENGI FEIKING COMPACT	1 11101 J.U	ERC Internal, July 13: Final 1.8:
*Bassuna 8	interm 2.55	
8sth and		Lloyde BankJuly 17 Intenm 8.825
PortlandJuly 15	isterim 2.0	"London O'esas
*Bilton		Lloyde BenkJuly 17 Interm 9.825 Floridan O'esas Fraighters. Joly 14 Finel 1.072 Magnet and
(Percy)July 26	Flori 44	Megnet end
British & Com		SouthernsJuly 14. Final 3.0
Shipping June 10	Final 7.0	*Metal SoxJune 7 Finel 6.51
ShiopingJune 18	CIUMI AIA	Remarks Con Market and Land Control of the Control
Brown		Meyer
ShipleyJune 11	Finel 7.5	(Mont L.)July 8 Finel 1.25
Sunterfield-		Nordrose Jene 25 Final 3.56
HerveyJone 16	Finel 1.0	*Northern
"Ceriese Capel June .9	Final 1.75 -	FoodsJune 10 Interim 1.8
Centrovincial		*Pagiar-
Estates July 2	Final 1.33	HattersleyJune 9 Final 5.5
EstatesJuly 2		*PilkIngton
Charter ConsJune 23	Final 8.6	BrosJone 11 Second in 5.5
ChloridaJuna 24	Final no	
ChubbJune 24	Final 3.478	Powell Duffive June 24 Finel 9.55
Cohen (A.)June 11	Final 4.9	
	-	*Premier ConsJune 8 Final 10%
General Tst. Joly 15	Interim 11.0	*Racal
Provision Intl. June 17	Final 5.25	ElectronicaJuna 22 Final 3.4
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Classification in the control of the	1 1101 7.70	Occupiestion Joly 13 Interest 4.8
Electro-	Finel 5.5	Redland June 25 Final 4.57
ComponentsJune 25	Final 3.0	Pend Intl. Jone 7 Final 80:
"Elliott_(8.)Juna 10	. rinai 3.0.	RenoldJune 25 Finel pil
English China		Rothmens
- ClaysJune 17	interim 2.7	IntlJuly 16 Final 2.85
Ferguson		SGB June 30 interim 2.3
IndustrielJune 15	Final 3.3	
FarrentiJune 24	Final 4.0	Scottish & NewC
GEI 1710JUNE 23	Final 3.555	Sreweries, July 2 Final 2.875
GeatetnerJuly 16 GrenadeJuly 1	Interim 1.25	600 GroupJune 11 Hindi 281
GrenadaJuly 1.	Interim 1.75	SkerchleyJune 8 Final 8.2:
*Great Portland	-	Stead and
Fetates June 8	Final 4.0	SimpsonJuly 1 Final 25;
GUSJuly 18 Greens KingJuly 8 Guinnosa (A.) Juna 18	Final 8.0	*Teaco StoresJune 15 Finel 1.55
Greens KingJuly 8	final 4.2	Thorn EMIJuly 10 Final 10,575
*Guinnosa (A.) Juna 18	Interim 1.575	Town and City
NAT GroupJuly 14	Final 1.25	PropaJuly 3 Final 0.01
*HambroaJuos 22	Final 160.0	Trustnouse
Kaalemere		ForteJune 25 Interim 1-5
Estates July 18	Final 4.56 .	Unique
"Hill BarnuelJone 10	Final 4.8	
llingworth .		Union Olacount July 15 Intellin 9:0 Wedgwood June 10 Final 2:45
MorriaJuly 17	Final nil	WedgwoodJune 10 Final 2.25 .
Imperial		
Cont Gea. July 7	Fénal 5.3	WhitecroftJune 22 Final 2.6
Imperial		. * Soard meeting intimated. 7 hights
Group July 8	Interim 2.75	leaus ainca made. \$ Tex free. \$ Scrip
*InchespsJune 17	Final 17.0	issue since made. I Forecast.
Intercebe "" Soule it.		
	•	

### Clement Clarke (Holdings) plc.

Dispensing and Ophthalmic Opticians Designers and Manufacturers of Ophthalmic, Medical, Surgical and Aircraft instruments and equipment

Mr. J. H. Clarke, Chairman and Managing

- Director, reports on 1981: Group Sales £13,506,302 (1980: £12,537,670).
- Group Profit before tax £1,621,755 (1980: £1,530,485).
- Final Dividend 15% making 12.03%
- (1980: 10.66° o) for the year. Earnings per share 15.72p (1980, 14.55p).
- Export Sales £1,703,265 (1980: £1,499,064). The year ahead: My overall view is still one of caution, taking into account the increase in N.H.S. optical charges to the public from April 1st, and the current political situation. The instrument sector is more buoyant, and we can expect an increased cash flow when the final increase in professional optical fees is

### M. J. H. Nightingale & Co. Limited

agreed later this year.

27/28 40	vat Lane London EC3R BEB	Telephone 01-62)	12
£000'a	C)	enge Gross Yield	
			Fu
capitallast	ton Company Prica on	week div.(p) % Actual	
4.044	Ass Brit. Ind. Ord 120	- 0.4 5.3 10.9	. 13
	Ass. Brit. Ind. CULS 128	- 10.0 7.B -	
4,236	Airsprung Group	1 6.1 5.4 8.3	
1.075	Armitage & Rhodes 43	4.3 10.0 3.6	. 8
12,953	8ardon Hill 212 +	2 87 46 103	., 12
1,350		<b>—</b> 15.7 14.5 .—.	
4,189	Cindico Group	- 26.4 10.0 10.7	- 12
4,720		- · 0.0 (8.8 3.0 ·	. 5
4,143	Frank Horsell 130 +	1 64 49 177	- 24
10,835	Frederick Parker	<b>- 6.4 8.5 3.8.</b>	
996	. George Slair 54		٠,
4,061	Ind. Precision Castings 100 +	1 7.3 7.3 -7.2	: 10
2,840	Isia Conv. Pret 110 +	1 15.7 14.3	
2,682	Jackson Group 106 - +	2 - 7.5 - 7.1 . 3.3	6
15,734	Jemes Burrough 114	- 8.7- 7.6 8.3.	
2,366	Robert Jankina 232 -	2 31:3 13.5 73.2	'' 'š
3,420	Scrittone 'A' 67	- 53 7.9 12.8	12
3,881	Torday & Caritals 159	- 11.4 - 7.2 7.1	12
a.312	Twinlock Ord, 1012		
2,102	Twinlock 15pc ULS 77 +	2 15.0 18.0 -	
3,810	Unilock Holdings 25	- 3.0 12.0 4.5	7
10,504	Walter Alexander 83	1 6.4 7.7 6.5	8
6,484	W. S. Yestes 235 +	2 14.0 6.2 6.2	.1Ž
-,	Prices now svallable oh Preste		

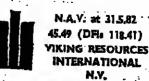
### Public Works Loan Board rates

	Eff	ective	May 29		
			repaid	Non-quote	loena A remaid
Years	By EIPT	Aŧ	maturity§	by EIP†	At meturity
Up to 5	. 13	131	14	141	141 141
Over 5, np to 6	. 135	131	141	144	147 15
Over 5, up to 7	., 13}	13 į	141	142	147 15
Over 7, np 10 8	: 137	14	143	143	144 15
Over 8, np to 9	. 14	14 <del>j</del>	144	143	147 - 15
Over 9, up to 10	. 14	141	141	143	144 15
Over 10, up to 15	. 141	14	137	15	15 142
Over 15, np to 25		131	13.	147	
Over 25		13 7	· 13 į	147	144 : 144
. * Non-mote loss	s R are	i no	r cent hi	ther in a	they

Non-quota loans B are I per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments of include principal and interest). § With balf-yearly payments of interest only.

### LOCAL AUTHORITY BOND TARIF

Authority	Annual Interest	Life
(telephone number in	gross pay-	Minimum ef
parentheses)	interest able	sum bond
Knowsley (051-548 6555)	- %	£ Year



INVESTMENTS LIMITED Bld: 360 Offer: 400 Tel: 0624 822091 Telex: 628032 MANNIN G

MANNIN DIAMOND

LADBROKE INDEX Close 583-588 (anch.)

THE TRING HALL USM INDEX 125.4 (-0.1) Close of business 4/8/82 BASE DATE 10/11/80 100 Tel: 01-63B 1591

profitability.

Copies of the 1981 Report and Accounts and the full AGM statement can be obtained from The Secretary, Laporte Industries (Holdings) Limited, 14 Hanover Square, London W1 R OBE.

### McCarthy & Stone for USM

GROWTH MARKETS have a bought at the height of the The company maintains its own glamorous pull for the property boom and was unable architects and marketing operaglamorous pull for the aggressive entrepreneur. Just mention video, satellites, or high technology and teams of earnest young men with impressive profit projections seem to ooze out of the woodwork.

The latest such team, bowever, has identified a growth
market which has very little of
this kind of fashionable appeal.
McCarthy and Stone, e New
Milton-based company, will be
coming to the Unlisted Securities Market shortly. It will he
offering investors a chance to
put their more in the growter. put their money in the growing business of housing for the

business or housing for the elderly.

At the turn of the cectury, only 2m people were over the age of 60. Today that figure is 11m and swelling all the time. In the next 15 years, researchers expect the number of people in Britain over the age of 80 to Britain over the age of 80 to increase by 40 per ceot.

At the same time, local housing authorities have had to cut hack on she)tered housing— the sort which provides special services for its aged occupants
because of Government spending cuts.
McCarthy and Stone has been

in the property development business since 1961, but a decision to move into sheltered housing marked a turn in the group's fortunes. In 1977, the company had a piece of property in New Milton which it had

: Clarke

Board rate

IND TABLE

E THING HALL

CAN INDIA

3) plc.

Mr John McCarthy, one of the group's founders, had already been looking into housing for the elderly. He found that the space needed by a single elderly person is less than that of an average tenant. And elderly occupants oeed less car parking space. With this in mind, the company constructed a sheltered housing unit with 32 flats on the New Milton lot.

"We were sold out before the roof, was on," says Mr Trevor Foan, sales director of McCarthy and Stone. The one-bedroom flats which sold for £10,950 then are oow changing hands at £24,000-£25,000, he says. Since 1977, the company has completed 15 more sheltered housing schemes, most located in the south coast area. Each scheme has an average of

50 units.
The rewards for the company so far have been encouraging.
Pre-tax profits for the year
ended August 1977 were £49.000
on turnover of £3.25m. Last year, the company notched up pre-tax profits of £1.4m on turnover of £4.5m and a good increase is apparently on the. cards for the current year. Mr Foan emphasises that the company does not bave a policy of holding land banks and is strictly in the business of pro-viding, designing, building and managing housing for the aged.

(250.89m), Shereholders' funds

-2520.07m; (2326.59m), Long and
medium term loans £34.99m (£33.97m).

Net burrownings £42.84m (£77.85m).

Net outflow of funds £23.94m
(£20.6m inflow). Chairmen says extes

of continuing businessess show only
a small parcentage increase in first

131 mable of current year. Meeting.

Chuzchill Horst W. June 71 needs

UDS GROUP (atores)—Results for year to January 30, 1982 reported May 7. Group fued assets 223,84n (2291,85m): investment 18,71m (£14.07m). Net current assets £39,50re

The company considered a full Stock Exchange listing but chose the USM because it is less expensive and allows that founders to hold on to more of the equity. Most of the shares to be placed at the time of the fasue will be new shares and the money raised will be put directly into McCarthy's develop-ment activities.

ment activities.

Mr McCarthy, 42, is chairman and majority shareholder of the company. His co-founder, Mr Stone, holds the balance of the shares and is projects director. Both men will place a small proportion of their shares prior to the litting. the listing.
With some 12 projects now in

the pipeline, the company is looking forward to a continued improvement in its fortunes.

"A lot of older people have their capital tied up in a large house which is often too difficult or costly for them to main-tain and run," says Mr Foan. The fiate now range from £16,950 to £30,000. This price provides a 99-year lease, round-the-clock access to emergency help, a residents louoge and special facilities for the infirm or disabled.

It might not be electronic wizardry, but with very hitle competition in the field, investors just might be willing to back somewhat unglamorous

#### RESULTS AND ACCOUNTS IN BRIEF

capital £1.61er (£2.07m). The directors view the luture with confidence. Meeting: Connaught Rooms, Great Queen Street, WC. June 22 s1 11.30 am. FLIGHT REFUELLING (HOLDINGS)— Results for 1921 reported April 30. net current assets 12.69m (£6.01m), bank ovardreft nil (£0.66m). Sheraholders' funds £16.42m (£10.13m). Net kquid funds increased by £1.04m (£0.85m decrease). Working capital decreased by £0.32m (£1.92m increase). Chairmen looks forward to a

### Globe Trust talks on Mercantile House deal

between Mr. Edward Davies, governor of Globe Investment Trust the UK's largest investshareholders. They will cover the group's involvement in the figure takeover of Oppenheimer Holdings Inc., the U.S. stock-broker, by Mercantile House, the UK financial group with large money broking interests. Shareholders are concerned about the size of Globe's commitment in the deal, which amounts to f40m. They are seeking an explanation for what they regard as a major change of direction in the trust's policy. the reasons for its involvement

As part of financing the deal Glohe is to subscribe in cash for 5m new shares in Mercantile preference shares of £1 each for total of £40m. . The new ordinary shares sub-

with Oppenheimer and its sup-port of Mercantile House in the

cribed by Globe will represent per ceot of the issued ordinary capital of Mercantile once the capital is enlarged. Conversion of the convertible by Globe would increase its holding to 25.1 per cent.

MATTHEW HALL (Internstional angineering designer and convector)—
Results for 1981 reported May 8. Sharcholders funds £34.16m (£35,500); fixed essets £14.28m (£5.55m); net current assets £14.28m (£5.55m); net current assets £14.22m (£22.85m) in cluding short team deposits bank and cash £32.22m (£23.27m) and bank overdrafts £819.000 (£93,000); increase in net tiquid funds £6.22m (£3.47m). Meating: Empire Rooms, W. June 25, noon.

# ysu roperty Holding and Inv. Tst. secal Electronics

### FT Share Information

The following securities have been added to the Share Information Service:— Crusader Oil (Section: Mines-Australia):

Jebsens Drilling (Oil & Gas); Redland New Ord. (Buildings); Standard Securities (Property).

Banco Exteror ...
Banco Hispano ...
Banco Idel Cat. ...
Benco Santander ...
Banco Viguaya ...
Banco Viguaya ...
Banco Zaragoza ...
Desgadea ...
Fance ...
Fance ...
Gal Prociedos ...

### **Oesterreichische Kontrollbank** Aktiengesellschaft

CAN \$63,000,000

161/4% Guaranteed Notes 1988

Irrevocably and unconditionally guaranteed as to payment of principal and interest by

#### THE REPUBLIC OF AUSTRIA

issue Price 100 per cent. plus accrued interest (if any)

The following have agreed to subscribe or to procure subscribers for the above Notes.

Swiss Bank Corporation International Limited

Orion Royal Bank Limited

Algemene Bank Nederland N.V. Banque Bruxelles Lambert S.A.

Creditanstalt-Bankverein

European Banking Company Limited Oesterreichische Laenderbank Aktiengesellschaft

Salomon Brothers International

Société Générale de Banque S.A.

The 161/4% Notes due 1988 have been admitted to the Official List of The Stock Exchange, subject to the Interest is payable on each Note annually in arrears on 17th June, the first payment being made on 17th June, 1983. Full particulars of the Notes are available in the Extel Statistical Service and may be obtained

ess hours up to and including 21st June, 1982 from:

**Wood Gundy Limited** 

7th June, 1982

Société Générale

S.G. Warburg & Co. Ltd.

Amro International Limited

Banque de Paris et des Pays-Bas

Deutsche Bank Aktiengeseilschaft

# Marks&Spencer

Statement by the Chairman Lord Sieff of Brimpton, O.B.E., B.A.

### TRADING RESULTS

Group sales for 53 weeks excluding sales taxes totalled £2,198-7 million, compared with £1,872-9 million for 52 weeks last year Profits before tax were £222-1 million compared with £181-2 million.

Earnings were £120-7 million compared with £99-5 million last year, after taxes of £100-3 million, and an allocation of £4-2 million to our Employees' Profit Sharing Scheme. The directors recommend an increased final dividend of 2.85 pence per share, totalling 4-6 pence for the year compared with 3.8 pence last year. This will absorb £60-2 million out of the year's earnings, leaving £60-4 million (not including depreciation) in the business to finance future development.

Store sales in the United Kingdom, net of VAT, were £2,025-3 million compared with £1.739.2 million last year.

In France, Belgium and Ireland our sales in local correncies increased by 30% against the previous year. Allowing for the changes in the rate of exchange of sterling, they are shown in our Group sales as £43-6 million against £33-3 million and the profit before taxes was £3-1 million compared with £1-9 million last year.

Marks & Spencer Canada Inc. increased sales by 8-9% to C\$226-3 million in the financial year ended January 1982, and made a profit of C\$5-7 million against C\$6-6 million in the previous year. After the changes in the rates of exchange during the year, Marks & Spencer Canada Inc. contributed £2.6 million to Group profits before tax, as against £2.5 million in the

Our total United Kingdom exports were £58.0 million. Export sales outside the Group increased by 18-8% to £26-5 million.

### **PROPERTIES**

We have a valuable portion of properties which are built and maintained to a high standard and most of which are freeholds. Our United Kingdom properties have been valued by Gerald Eye & Co. at \$994-5 million as at 31st March, 1982. This has now been incorporated in the Company's books and records. It shows a surplus of £397.7 million over the previous book value which has been added to our reserves.

### TRADING IN THE UNITED KINGDOM

Sales increased by 16-5%. This was achieved during a time of recession in industry and increased unemployment, Costs of rates, rents, mortgages, heating and transport continued to increase; this left our cust with less money to spend in

Our improved performance was due to the quality and value of the 'St Michael' range, the introduction of new products and new depart-ments, the successful opening of new stores,

extensions to existing stores and improved service to our customers.

Clothing sales increased by 11-5% which included growth in volume of 8%. We continued to emphasise easier priced lines as well as selling desirable, higher priced merchandise which represented good value. We provided our customers with a wider choice of attractive good quality clothing.

Homeware, footwear, toiletries and cosmetics sold well. New ranges of ceramics and stationery were introduced successfully and will be developed.

Food sales increased by 21.9%, which included more than 10% growth in volume. Our customers appreciated the quality, freshness and taste of our foods. Our sales of high quality prepared foods continued to increase.

We try to give our customers personal, helpful and courteous service. Our training programmes emphasise that our thin ers are very important people. We have extended to all stores the 'carry to car' facility for customers.

### **OVERSEAS**

Our stores in the centres of Paris and Dublin made excellent progress. We opened a new store in Strasbourg, are extending the Dublin store and building in Lille and Antwerp. Our development in Europe and the prosperity of many British industries depend on Britain remaining a full member of the EEC, which is the United Kingdom's largest export market.

In Canada increased unemployment and higher inflation and interest rates reduced consumer spending. The development of large new larger gralls during the year, particularly in Western Canada, intensified competition. Our recently established export operation

in Hong Kong is giving a better service to our customers in the Far Fast, to which last year we exported £4-5 million of British made 'St Michael' goods.

### **SUPPORT FOR BRITISH INDUSTRY**

More than 90% of St Michael clothing, household textiles and footwear were manufactured in the United Kingdom. We import when high quality goods representing special skills and good values are not available from home suppliers; regrettably, many fine quality woven fabrics are no longer made in the United Kingdom. These selective imports stimulate our British

Our continued support is important for the British clothing industry as we buy about a fifth of its total production. During the year, in cooperation with the British Wool Marketing Board, we successfully introduced 'St Michael' ranges of knitwear, coats and rugs using 1 million lbs of exclusively British wool.

Many of our suppliers are innovative and profitable; most have increased productivity following investment in new equipment and technology. A number have employed additional people as a result of their increased business with us. It is with regret that we ceased trading with a few suppliers to whom we gave long, fair notice

and generous settlements.

We support British agriculture and the
British food industry. More than 90% of
'St Michael' foods available in temperate climates are grown or processed in the United Kingdom. Whereforeign suppliers have a particular expertise or access to high quality raw materials, we encourage them to open processing factories in this country; in this way 750 new jobs have been created in the food industry during the last 3 years and 300 more are planned for this year.

I thank all our suppliers and transport contractors for their efforts and co-operation. This year I pay a special tribute to our manufacturers in Northern Ireland who are efficient and reliable: last year, we bought £70 million; at cost, of high quality clothing and foodstuffs. We are spending £14 million to extend our Belfast store.

We have confidence in the British economy and continue to invest heavily in our United Kingdom stores. We have a budget of more than £300 million to be spent over the next 4 years in property, buildings and equipment. New stores were pend in Truro, Exeter, Brentwood, Redditch and Bexleyheath. We are building stores in Strutter Invent Aven. Energy Bankury stores in Stratford-upon-Avon, Epsom, Banbury, Enfield, Carmarthen, Dumfries and Horsham; we have just extended our existing stores in Bury, Boston and St Helens and are extending in Wolverhampton and Wakefield.

Year to 31st March 1982

Export sales outside the Group

**PROFIT AFTER TAXATION** 

TOTAL GROUP SALES

GROUPNETPROFIT

United Kingdom

United Kingdom

DIVIDENDS

**EARNINGS** 

Europe ...

Canada

Europe.

Canada

SALES (Excluding VAT and other Sales Taxes)

ATTRIBUTABLE TO THE COMPANY:

Pershare (pence)

Pershare (pence)

Summary of Group Results

#### COMMUNITY INVOLVEMENT

The preservation of much that is worthwhile in our society depends in no small measure on a dynamic free enterprise sector which accepts its social responsibility to the community. Helping to restore a healthy and prosperous urban environment is not only good citizenship but is good business.

We have extended our support for schemes which help some young people to find jobs. We do this mainly through Enterprise Agencies which, drawing on the resources and experience of established companies, help new small businesses to start up or expand. In addition, we are training one thousand young people each year in our stores with the help of the Manpowe Services Commission, and are involved in the training of more than another thousand in work-shops sponsored by community organisations.

Our most recent initiative in this field of corporate community involvement is to support a new venture, Business in the Community, which promotes active co-operation between

business and local agencies, public and voluntary. Last year, we seconded 27 of our capable experienced people with special skills to the directing of various worthwhile community

Our store managers are encouraged to play an active role in their locality. Following the disorders last summer, we initiated the Backing Brixton Campaign'which was welcomed by the local community and employers and should help to restore confidence so that work can take place to improve local amenities.

(53 weeks)

2,025-3

103.3

26.5

2,198-7

117-0

120.7

2.2

1.5

46p

9.22p

1981

(52 weeks)

1,739-2

33.3

78-1

*22*·3

96.4

1.7

1-4

99-5

3.8p

7.62p

1,872-9

& Million Increase

%

16.5

30.9

32-3

18-8

17-4

- 21-3

The scale and nature of the problems facing the country today are such that they cannot be solved by central and local government without the commitment of the community as a whole, of which business is a vital part.

We donated £1-2 million to charity. This money went to small and local causes - as well as national - to support medicine, scientific research, education and the arts and to help the disabled. We spent an additional £0-9 million in other ways to aid charity and worthwhile projects through fashion shows, charity advertisements and secondments. Many of our staffare involved in supporting

#### **GOOD HUMAN** RELATIONS

We are continuously concerned with the wellbeing and care of our 46,000 full and part-time staff in the United Kingdom. We treat everyone as an individual. In our Personnel Department we . have 900 trained staff, mainly working in the stores, each responsible for the welfare, training

and progress of fifty to sixty people in their care.

Last year we spent £48.4 million on noncontributory pensions, subsidised meals, health
care and other staff benefits. The recent actuarial valuation indicated that our Pension Fund is in surplus. This will be partly absorbed by improving the scale of benefits for our staff and meeting the capital cost of future increases in existing pensions. Another 2,800 members of staff have qualified this year for the Employees' Profit Sharing Scheme, in which nearly 21,000 now participate. We introduced a Savings-Related Share Option Scheme which over 3,650 members of staff have

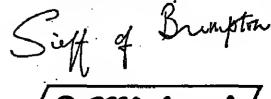
Our experience shows that our continued policy of good human relations results in staff stability, ready acceptance of modern methods.

high productivity and good profits.

Our staff morale is high and the great majority, whatever their job, care about the progress of the business. During the appalling weather before and after Christmas, and the disruption of public transport through strikes, many left home very early and walked long distances to get to store or Head Office.

distances to get to stores or Head Office.

I thank our staff, suppliers and customers for their support.





A copy of the full Annual Report can be obtained by criting to: The Secretary, Room CI33, Michael House, Baker Street, London WIA IDN.

**CREDITS** 

### UK banks step up efforts to share in **Argentine payments**

Aires tightens.

Partfy because of the Argen-

syndicated credit market re-

mains slack. But details were

finalised last week on two large

credits, the \$1.2bn package for the Kingdom of Belgium and the \$1.7bo credit arranged by

Citicorp for tha New Zealand

The Belgian credit is in two

Synthetic Fuels Corporation.

tranches of \$600m apiece. One is priced over London interbank offered rate at a split margin of §-1, while the other

bears a margin of 0.20 points over U.S. prime rate for the

first two years, rising to 0.25

points for the next three with a

possible two-year extension.
As with the recent Swedish

deal, lenders will also, however,

be able to contribute to the

prime tranche at a fixed mar-

gin over the adjusted U.S. certi-

fiate of deposit rate. The mar-

gio is 90 basis points, and a bank which elects to do this

may review its position after 18

This is a relatively new tech-

nique in the Euromarkets, and its popularity cannot yet be

gauged. In the Swedish credit.

about half the lead managers

elected to lend at the margin

over CDs rather than prime rate.
As already reported, the Synfuels credit has a margin of

} per cent over Libor until com-

pletion in 1985. Thereafter it

falls to 1 per cent and final maturity is 144 years.

Elsewhere Mexico was re

ported to be making rather alow

progress with the syndication of its \$2,5bn jumbo credit, re-

flecting some concern among smaller banks over its economy

following Standard and Poor's

decisioo to reduce the commer cial paper rating of Nafinsa, the

nounced the launch of a new

Pesos 20bn series of three year

petroboods bearing an interest rate of 19 per cent. Redemption is linked to the price of Mexican

Peter Montagnon

State development bank. Mexico has, however, an

clearing banks have begun to once the Falklands crisis is step up their efforts to persuade over. Already, they say the foreign banks to share out pay-delays in payments to non-meots oo outstanding loans British banks are getting received from Argeotina. longer, stretching more than a received from Argeotina.

Argentina has withheld debt service payments to British banks since the start of the Falklands crisis io early April. It has claimed that money due has been paid ioto an escrow account in New York.

But British banks say that there is no evidence of the existence of such an account, and that they are entitled to share funds received by con-British banks oo syndicated

loans to Argentina. Until last week the British banks were working separately to obtain such payments from the foreign banks with whom they bad joined in loan syndicates, but at a meeting last week they decided to work much more losely together.

The main purpose of the meeting was to pool information on the results so far of the share-out procedure. It con-firmed that while U.S., Arab, and Scandinavian banks hava generally been willing to share out debt service payments, Japanese, Freoch, and some Canadian banks have been much

The British banks feel that by combining their information about which banks have agreed to share out the payments, they will be io a strooger positioo to put pressure oo those which have not. There is, however. no question of taking legal action for the time being.

A further meeting is likely to he held in about two weeks' time to refine the joint approach further. Many British bankers feel that a refusal to share out interest payments in these cir-cumstances undermines the whole philosophy of the syndi-

cated credit market. The share-out procedure, on a pro-rata basis for each baok's participation in a credit, is a basic part of the legal conditions for syndicated lending. There is, bowever, a oatural resistance on the part of some banks to haod over money they have received from a borrower whose credit-rating is as fragile

as that of Argentina, Many bankers, both British and foreign, believe that Argentina will need to reschedule

INTERNATIONAL BONDS

### Canada's jumbo sells at a discount

THE MOOD of the Eurobond market was aptly summarised late on Friday afternoon when Ross and Partners flashed the following terse message across its Reuter screen: "Everyone wants to go home and forget this market."

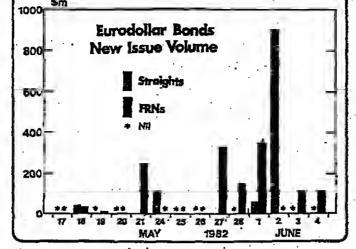
Indeed, traders and new issue managers in London, Frankfurt and Zurich went home heaving a huge sigh of relief that the week had finally ended. The Eurodollar market was week in some cases as the

fioaocial squeeze on Buenos down at least two points after a grim week which saw continuing uncertainty over interest tine problem, business in the rates and the crowding-out effect of the Canadian government's \$750m bond issue.

The Euro D-Mark sector saw prices marked i point lower by Friday amid complaints that every single day there is a new issue."

The Swiss franc foreign bond sector just managed to keep its head above water (prices were unchanged on average) as the U.S. dollar strengthened against the Swiss franc in this currency-sensitive market.

Canada's record - breaking Eurodollar bond was the major event of the week, or perhaps of the month. Deutsche Bank and CSFB each took a whopping \$155m of commitments, while the 11 co-managers tried to push out \$40m apiece. But the magic which should have been associated with the Cana-dian name failed to materialise. Although lead-managers claimed that close to two-thirds of the paper had been sold by Friday. a large portion was being sold



at a discount of two per cent. On these terms, co-managers and underwriters were losing money. At a price of 98, the vield to investors is a shade under 15 per cent-on Government of Canada bonds.

The main interest came from central banks in the Far East and in the Caribbean region. Had the shape of the market been different the issue would bave moved a lot faster; it will be placed in any case without too much difficulty, but at a less than prestigious price.

The impact of Canada's issue, combined with more than \$1bn of unsold paper which has piled up over the past four weeks, has clearly been harmful for the market.

This week could be a bleak one, say bankers. Many are

hoping for no more than " coosolidatioo"-i.e., treading water. There is no sign whatsoever of a breakthrough in Washington's budget wrangle, Bond-related three-month futures came down sharply last week while the gloomy message from Dr Henry Kaufman which was articulated at the Association of Inter-national Bond Dealers' meeting in Venice is finding new adhereots every day. A number of bankers are revising their opinions about the path of U.S. interest rates, and the optimists are keeping their heads down

these days.
As for investors, they appear to be waiting for bonds to enter the secondary market in the hope of securing them at lower prices. One banker summed it up by saying: "There are a lot of issues you just can't give

by Yamaichi Securities with a 7 per cent coupon, was selling so slowly that the market wondered whether it might be withdrawn. There were buyers around, but only at discounts ranging up to three per cent.

Last week's \$50m convertible

bond issue for Canon, priced

Canon's problems can be traced easily to the state of the year and the Tokyo equity market. In the bond markets, the Japanese Government'a plans to issue large amounts of new paper bave depressed prices significantly. The bench-mark 6.10 per cent 1988 Govern-ment bond was down † point last week, and has fallen by more than two points over the past fortnight.

Samurai bonds — domestic borrowings by foreign entities-were two points lower on the week, followed the trend of government bonds. The European Investment Bank's Yen Nikko and CSFB bad its coupon bumped up I poiot to 81 per cent. but the paper is still trading at a two per cent discount to its 991 issue price. This week is unlikely to see

many new international bond issues (short of a dramatic improvement in the market), bot as already reported, London and Scottish Marine Oil is bringing out a \$75m floating rate note. today with a warrant to pureither Eurosterling or Eurodollar fixed-interest paper.

Alan Friedman dollar

CURRENCY BASKETS

### The ECU finds a permanent niche

ONE OF the main criticisms the currency itself that has been levelled against strengthened. the ose of currency baskets in Currency European

Transactions in these units are bard to understand and difficult to exercise, say the critics. But unlike the Special Drawing Right, which has been conspicuously absent from the capital markets this year, the ECU seems to be overcoming this problem.

(ECU).

Last week's announcement of a new ECU 40m bond issue for Italy's state holding company IMI was the aecond launch in a month of an international bond denominated in ECUs. The previous issue, for Hydro-Quebec, was increased to ECU 50m from ECU 40m because of good demand.

A feature of that issue was that demand was reported from outside Belgium and Luxembourg (where most ECU paper traditionally finds a home). Underlying this is a growing notion that the ECU is becoming an acceptable currency unit

in its own right. Compared with tha SDR, the ECU has a distinct advantage as a hedge in that it has no dollar component. The dollar's weight has led to a diminution of interest in SDR deposits as interest rates

But use of the ECU has also

financial markets is that there been helped by support from is always an element of major EEC governments (parartificiality. You cannot spend ticularly Belgium, France and a Special Drawing Right or a Italy), aggressive marketing by
European Currency Unit some leading banks, and tha fact that European Community institutions are natural and continuing depositors of ECUs.

Now, says Mr Andre Swings, general manager of Kretier bank, there is no need to separate out the nine currencies composing the ECU in any transaction. His bank has an active book in both ECU assets and liabilities and it says trading ECUs has become just like

trading any other currency. Kredietbank has ECU liabilities of several bundred million, half of which represent demand deposits placed by around 125

other banks. A boost to the Paris market in ECUs came recently from a French decision to allow the unit to be treated as a separate convertible currency with its French franc composent outside the reach of credit and exchange controls or reserva

requirements. This could lead, bankers say, to increased use of the ECU by French borrowers in the Euromarket, confirming that it has established a more per manent niche in international banking business.

orrowers	Amount	Maturity	Av. life years	Coupon %	Price	Lead manager Of	fer yield	Borrowers	Amount	Maturity	Av. life years	Coupon	Price	Lead manager Off	er yi
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Caisse d'Epargne du Valais

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### U.S. BONDS

### **Tolerant Fed fails** to bring comfort

U.S. credit markets up for they reached in the wake of the easier money supply growth Drysdale affair, making it

This idea has gained currency their positions.
on Wall Street in the last few Athensel and tolerate a slightly faster growth in MI, the main measure, than seems to be justified by the tar-gets it set at the beginning of the year. Since January, M1 and could shortly head substan-has been rising at an annual tially higher. rate of about 8 per cent compared to a target range of 2.5-5.5 per cent. Rather than act to restrain it, Fed officials have been saying that M1's growth is due to people building up precautionary bank balances because of the recession, the implication being that it poses no inflationary threat.

U.S. INTEREST RATES (%)

Given the weakness of the

•	Week 10	Week to
	June 4	May 28
fed. funds wkly, av.	13.45	13.50
3-month Treas, bills	12.06	11.59
3-month CO	13.80	13.30
30-year Treas, bonds	13.62	
AAA Util. ,	15.75	
AA Industrial	15,38	
Source: Salomon Brot	hair /ac-	imeter 1
in the week to May 2	HE MAT TOO	- 6100-
to \$451.5bn.	TO INI TOR	e arcom
to the source		

economy, the Fed could well enshrine this bigher rate of for the first time. On Thursday, growth of M1 in new targets there will be a \$5.5bn one-year set monetary policy for the day the Treasury will amounce second half of the year. A details of a \$5.75bn two-year further point is that MI is note and a \$3.75bn four-year expected to show another searnote. In the second balf of the sonal bulge in July which the month, the Treasury will also the best of the treasury will also the second balf of the month. Fed might prefer to accommo- give details of its next quarterly

view, however, this should make raised will probably exceed little difference to the credit \$10bn. markets. The present level of interest rates already takes into eccount a rate of growth in M1 that is ebove target, and if the Fed were in raise its targets it would be bound to stress that year notes yielding 14.75 per it was only trying to account cent, and Chase Manhattan, with it was only trying to account cent, and Chase Manhattan, with for people's changing savings an audible sigh of relief,

Beceuse of this, the chance of e Fed easing hes brought no comfort to the credit markets. Last week, the mood seemed to be darkening as the season of enormously heavy Treasury borrowing nears. Bond prices £200m slipped by as much as three points, though they recovered slightly late on Fridey on the money cupply report. (Apart from showing a smaller-than: \$150m of seven-year notes from expected rise, it revealed that Sperry Corporation, the combank reserves are less tight than puter company. people thought.).

Short-term interest rates also

IS THE FED trying to set the pulled back from the low levels harder for dealers to finance

Although some analysts are weeks as the Fed continues to sticking grimly to their predictions that interest rates will, on balance, be lower in the months shead, the majority now say that rates will stay level at best,

> Only one bank, First National Bank of Boston, has joined the I per cent prime rate cut initi-eted by Citibank two weeks ego. Although the unusual strength of loan demand is one reason, bankers say they are not sufficiently convinced that rates will stay down. By past standards, current funding costs would imply a prime rate of 15-151 per cent, not 16-161 per cent.
>
> The market also seems to have lost all hope that Washing-

ton will be able to cut back the \$100bn-plus budget deficit. Disagreement centres only on whether this will push np interest rates, with the monetarists saying no and everyone

else saying yes.

Details of the Treasury's borrowing plans are coming in thick and fast. Today, the weekly bill auction hits \$10bn when it meets in early July to bill auction, and on the same financing, which will take place From Wall Street's point of in July. The total sum to be

> Corporate borrowers still seem hesitant to rush into the market. The pece of new issues of America sold \$100m of fourmanaged to close successfully \$250m preferred share issue that was interrupted by the Drysdale affair which cost the bank enormous losses. Demand for the Issne was strong and Chase was able to raise it from

This week, the calendar in-cludes \$250m of notes from the entertainment and broadcasting company,

### Sharply improved results for Japanese shipbuilders

JAPAN'S SIX biggest chipbuilders have reported large increases in their sales and profits during the year ended March 31, thanks to a brisk pace of activity in shipbuilding and to profitable operations in both offshore equipment construct Missubishi HI tion and other engineering sec-

earnings which reflected major orders for oil drilling rigs, Those shipyards operating at full capacity saw a direct improvement in profitability as they managed to terminate the

to higher earnings. However, the inflow of new

loss-making orders taken several

tors.

Hitachi Shipbuilding and Hitachi Sumitomo Heavy Industries did kawasaki Hi 764.3 Shipbuilding well, posting record Shipbuilding 484 sales and huge increases in their Mitsui Engineering 364.3 Shipbuilding 364.3 lshikawaiim: 777.6 +14.2 19.1 +36.4 20.7 +201.5 6.5 287.6 mo HI

SHIPBUILDERS' RESULTS

profitable orders following their years ago, while ship repairing years from which they are now work also made a contribution beginning to recover. beginning to recover.

New ahipbuilding orders rerecovery during the second shipbuilding orders has tailed ceived by Mitsubishi Heavy off since last summer, parily Industries were down 36 per because Japanese yards are no cent, and those taken by Ishilonger prepared to accept un-kawajima-Harima Heavy Indushalf. Sales are expected to increase slightly, and profits to be maintained at last year's

profitable orders following their tries were down 39 per cent. bitter experience in recent from the previous year. For the current fiacal year ending next March, the Japanese ahipbuilders are expecting a

downturn By John Wicks in Zurich HOLDERBANK, the Swiss cement group, expects results this year and next to show a

forecasts

decline after a 20.6 per cent rise in profits to SwFr 217m (\$107m) in 1981. According to Dr. Max Amstutz, the managing director, the recession in the building industry is continuing and has now spread to develop-ing countries. Holderbank, one of the world's major companies in the cement and concrete sector, has interests in 22 countries.

last year by 15.6 per cent to SwFr 2.94bn (\$1.45bn). This was, however, due largely to inflation, actual sales volume having remained almost unchanged. A drop in turnover is foreseen for the current year, despite the opening of a number new plants late in 1981 Capital expenditure jumped to a record SwFr 748m last year, due primarily to capacity expansion in such overseas countries as Brazil and Mexico

### Holderbank | CSR and Mitsui put joint project on ice

BY OUR FINANCIAL STAFF

CSR, THE Australian mining and industrial company, and Mitsui, the Japanese trading and industrial group, have agreed to postpone further work on the joint development of a large-scale coal liquefaction plant in the Latrobe Valley in Victoria.

According to Mitsui, the two companies have not abandoned the project, but it gave no indication of when they might pro-seed to the next atage. A detailed feasibility study has been completed and is being reviewed by the Victorian state government. It was to be fol-Consolidated turnover rose lowed by more detailed planning.

According to information released by Mitsui Coal and CSR in January 1981, when the proect was first encounced, the two companies have been evaluating a plant that would produce solvent refined coal (SRC) and liquids from the huge brown coal (lignite) reserves in Victoria. A total investment of

up to A\$1.5bn (U.S.\$1.56bn) bad been envisaged for the plant which would be capable of handling 6,000 tons of dry coal a day end was expected to be completed by the second half of the 1980s.

Mitusi is also engaged in studies of brown coal conversion with a oumber of other foreign partoers, including Gulf in the U.S. and Ruhrkohle of West Germany, while CSR has discovered deposits of hrown coal in Western Australia as well as Victoria.

Postponement of further work on the Latrobe Valley project follows reassessment in Australia of several ether large " alternative " energy de velopment projects, in the light both of a falling oil price end diminished export prospects.

CSR, for its part, is already heavily committed to further development of several coking and steaming coal properties in

### Oueensland

### President for Union Carbide metals division

Mr Frank V. McMillen has een appointed president of the metala divisioo of UNION CAR-BIDE CORPORATION from June 30 on the retirement of Mr Fred C. Kroft, Jr. In 1976 Mr McMillen was named vice-president and general manager-European metals business in Geneva and in 1981 became vice-president and general manager of the vanadlum business for the metals division. Dr Romnald Burkard, chairman of Sika Finanz AG, has joined the board of FORBO AG, the Zurich-based holding company of Furgo Group. Dr Adolf Jann and Mr Walter Thut have

• UNION ELECTRIC STEEL (UNSC) has named Mr William E. Jackson president and chief executive officer, succeeding the late Mr James A. Reed. Mr Jackson has been vice-president,

• ASHLAND OIL INC bas named Ms Jane C. Pfeiffer to its board. Ms Pfeiffer is a management consultant. She was president of KCA Corpn's national broadcasting co unit.

 Mr Jeffrey F. Kriendler has been elected vice-president— corporate communications at PAN AMERICAN WORLD AIR-WAYS: He was system director —airline communications. ● Mr Dave Gassner bas been

appointed vice-president, merchandising of TECHNICOLOR AUDIO-VISUAL, a division of rechnicolor, Inc. O Dr O. Fuerer end Mr R. H. P. Markham bave been appointed managers of UNILEVER (SCHWEIZ) AG Zurich

 Dr Arthur Fucrer, former managing director of NESTLE Mr Lan McIntosb Henderson SA, the parent company of the second Mr H-Mervyn Rich as group funcial director of Issne was strong and rast able to raise it from week, the calendar in\$\frac{1}{2}\$\$ week, the calendar in\$\frac{1}{2}\$\$ week, the calendar in\$\frac{1}{2}\$\$ to motes from the entertainment and sting company, and if seven-year notes from Corporation, the commingany.

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April, 1982

Packaging International.

HONGKONG ELECTRIC HOLDINGS has appointed Mr D. K. Newbigging its chairman following the retirement of Mr. P. G. Williams. Mr Newbigging is the chairman of Jardine, Matheson & Co and the Hongkong Land Co, and has been e director of Hongkong Electric



Mr D. K. Newblgging

for seven years. Mr Williams will be returning to the UK but will remain a director with special responsibilities in Europe. Mr J. Peacock has been appointed group managing director .- . Mr. Peacock- has been a

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GMAC 0/S Fin. 15 89

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EEC 101, 93 100
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### INTERNATIONAL APPOINTMENTS

and the U.S. as a member of the . Mr Ned Eyles, director of overseas division of Mardon DOW's agricultural chemicals business in the Middle East and Africa, has been named country general manager for the Soviet Union. He will be responsible for technical co-operation with the state committee for science technology, the chemical industry and the agricultural industry. Mr Eyles will also be responsible for the commercial frame agreement with V/O Sojuzchimexport and will striva to broaden co-operation with the other foreign trade organisations for developing trade in both directions. Mr Eyles will maintain close links with Dow Europe's director of bydro-carbons apd energy, Mr Stan Buck, to whom be will also

> Mr H. Fred Plagens, vice sident of manufacturing for DOW Latin America, bas been assigned the edded responsibility vice president and director of manufacturing, engineering, technology, quality and safety for Dow's worldwide buman bealth business. Initially, he will remain in Coral Gebles, Florida, but later on he will move to Cin-cinnati, Ohio, Dow's global beadquarters for human health.

• INSTITUTIONAL INVESTOR has been named chief operating of group merketing.

officer; Mr. Arnold Obler, assoclate publisher; Mr Gene Deelected president and chief Lawrence R. Tollenaere, presiporis, Jr., director of advertising; operating officer of KAISER deot and chief executive officer
and Mr. John F. D'Avolio, seoior ALUMINIUM AND CHEMICAL of Ameron, Ioc.

vice president. Mr Rubeostein was executive vice president of marketing.

 BEECH AIRCRAFT COR PORATION, a subsidiary of Ray-theon Company have appointed Mr Linden S. Blue president and chief executive officer. Mr Blue, former managing director and chief executive officer of Lear Fan, will assume his new duties as president and chief executive offirer on June 15.

Mrs Olive Ann Beech, co-

founder of the company, will retire in September as chairman of the board, but will continue as chairman emeritus and chairman of the Beech Aircraft Founda-tion, Mr D. Brainerd Holmes, president of Raytheon, will be come chairman of the Beech board upon Mrs Beech's retire-Frank E. Hedrick will retire as

July 1, but will continue as a director of Beech Aircraft, chairman of the Finance Committee, and president of the Beech Aircraft Foondation. Mr Edward C. Bnrns will retire on June 15 as president but

vice chairman of the board on

Beech Aircraft. Dr Roman Schorta, formerly to the board of THE PARSONS a head of division with the Swiss CORPORATION. Also elected

CORPORATION, of Oakland, California. He had previously been corporate vice-president and general manager of the corporation's aluminium division. succeeds Mr Cornell C. - Maier, who remains chairman of the board and chief executive officer.

 M Manrice Perouse has been appointed chairman and a director of BARCLAYS BANK SA In France, from June 1, in place of M Pierre de Calan, who remains a director, M Plerre da Lalande, vice-chairman, bas been capacity of general manager with full executive powers. Mr N. A. Maxwell-Lawford, resident direc-tor, continues to be a representative of the sharebole (Barclays Group) in France.

Mr Ronald E. Wittman ba been named assistant controller Mr Wittman was a principal and director of figance and planning for the engineering consulting firm of Master Engineers Corporation in Pittsburgh, Pennsyl-

tire on June 15 as president but Mr F. Daniel Frost, a partner will continue as a director of in the law firm of Gibson, Dunn • INSTITUTIONAL INVESTOR chemical concern Emser Werke, were cootinuing hoerd members has made the following appoint has joined the Liechtenstein Mr O. C. Roddey, president of meots: Mr Fred V. Robenstein owned indostrial group HILTI as The Ralph M. Parsons Company,

### FT INTERNATIONAL BOND SERVICE

This amouncement oppears as a matter of record only.

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Hill Samuel & Co. Hentsch & Co International Handelshauk N.W. (Overseas) La Roche & Ca. Krediethank N.V. Kleinwort, Benson The Hongkong Bank Group Lehman Brothers Knim Loeb International, Inc. Lloyds Bank International Lombard Other International S.A. LTGB International Morgan Guaranty Ltd. Morgan Grenfell & Co. Merrill Lynch International & Co. Morgan Stanley International Nippon Gredit International (HK) Ltd. Norddentsche Landesbank Girozentrale Nordie Bank PLC Pierson, Heldring & Pierson N.V. Österreichische Länderbank Pictet International Ltd. Sai. Oppenheim jr. & Cic. Sarasin International Securities Ltd. Sauwa Bank (Underwriters) Selemon Brothers International

Société Généralo Vereins and Westbank Verband Schweizerischer Kantonalbanken M. M. Wenburg-Brinckmann, Wirtz & Co. ... S. G. Warburg & Co. Ltd. ... Westdeutsche Landesbank ... Williams & Glyn's Bank

Smith Barney, Harris Uphant & Co.

Svenska Handelsbanken

Standinaviska Enskilda Banken

Société Bancaire Barclays (Suisse) S.A. Genève

Swiss Bank Corporation International

YEN 5TRAIGHTS | Issued | Olior day week Ylaid |
Asian Oev. 2k. 8<sup>1</sup>, 91... | 15 | 99<sup>1</sup>, 100<sup>1</sup>, -01<sup>1</sup>, -01<sup>2</sup>, -01<sup>2</sup>, 2.24 |
Int.-Amer. Oev. 9<sup>2</sup>, 91... | 15 | 101<sup>2</sup>, 101<sup>2</sup>, -01<sup>2</sup>, -01<sup>2</sup>, 2.50 |
Japan Airlines 7<sup>2</sup>, 87... | 0 | 96<sup>3</sup>, 96<sup>2</sup>, 0 | -1 | 2.76 |
New Zealand 8<sup>3</sup>, 87 ... | 15 | 99<sup>2</sup>, 100<sup>2</sup>, 0 | -01<sup>3</sup>, 2.37 |
World Benk 8<sup>3</sup>, 92 ... | 20 | 98<sup>3</sup>, 98<sup>3</sup>, 0 | -2 | 2.66 Average price changes... On day -014 on week -07.

OTHER STRAIGHTS Issued
Can. Pac. 5. 167, 88 C5 50
Crd. Foncler 177, 88 C5 30
Hudson Bay 17 69 C5... 40
Nacional Frit, 177, 87 C5 50
O. Hyd. 167, 89 (My) C5 50
O. Hyd. 167, 89 (My) C5 50
Simpsons 157, 89 C5... 40
U. 2k. Nwy, 97, 20 EUA 18.
Amro Bank 10 87, F1 ... 150
Bk. Meas & H. 10 87 F1 ... 50
Phil. Lamps 107, 89 F1 ... 50
Phil. Lamps 107, 87 F1 ... 100
Rabobank 12 88 F1 ... 50
World Bank 10 87 F1 ... 150
OKB 14 86 FFr ... 400 World Bank 10 87 Fl ... 150
OKB 14 86 FFr ... 400
Colvay ot C. 144 86 FFr ... 20
Bensficial 144 90 £ (0) 20
BNP 131 91 £ ... 15
CECA 133 89 £ ... 20
Fin. Ex. Cred. 133 86 £ 15
Gen. Flec. Co. 125 88 £ 50
Hiram Walker 144 86 £ 25
Privatbanken 147 89 £ 12
Ousbec 153 87 £ ... 35
Rasd (Hd) NV 164 89 £ 25
Royal Truatto 14 86 £ ... 12
SDR France 157 82 £ ... 30
Swad. Ex. Cr. 133 85 £ 20
Eurofima 104 87 £ LuxFr 500
Elb 83 88 £ LuxFr ... 500

. Average price changes... On day 0 on week 0

## Convertification of the price of the pric Milaubiahi H. 6 89 OM 2/82 283

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EUROBOND TURNOVER (nominal value in \$m)

U.S. \$ bonds Last week..... 4,173.7 8,344.9 Previous week 6,790.6 19,473.5 Other bonds Last\_week..... Previous week 1.181.8

> \* No information availableprevious day's price. † Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued except for Yen bonds where it is in billions. Change on week = Change over price a week

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread = Margin above aix-month offered rate (2 three-month; \$ above mean rate) for U.S. coupon.

CONVERTIBLE BONDS: De-nominated in dollars unless otherwise indicated. Chg. day= Change on day. Cnv. date=First date for conversion ioto shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares. The list shows the 200 latest

international bonds for which

an adequate secondary market exists. The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Internationale Algemene Bank Nederland NV Pierson, Heldring and Pierson; Credit Suisae/Swisa Credit Bank; Union Bank of Switzerland; Akroyd and Smithers: Bank of Tokyo International; Bankers Trust International; Chase Manhattan; Citicorp International Bank; Credit Commercial de France (Securities) London; Daiwa Eurone NV: Deltec Securities (UK); EBC; First Chicago; Goldman Sachs Inter-national Corporation; Hambros Bank: IBJ International; Kidder Peabody International; Merrill Lynch; Morgen Stanley International; Nikko Securities Company (Europe): Orioo Royal Bank; Samuel Montagu and Co.; Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Wood

Closing prices on June









# ARGYLLFOODSPLC

(Incorporated in England under the Companies Act, 1929. No. 358043)

## Offer for Sale by Tender Samuel Montagu & Co. Limited

95,000,000 ordinary shares of 10p each at a price of between a minimum of 85p per share and a maximum of 100p per share, payable in full on application.

The ordinary shares now offered for sale rank in full for all dividends and distributions declared, made or paid on the ordinary share capital of Argyll after the date hereof, save that they will not be entitled to the second interim dividend of Argyll in respect of the fifty two week period ended 27th March, 1982, amounting to 2.25p per share, nor for the proposed scrip issue of warrants described in paragraph 1 of Appendix V.

Share capital

issued fully paid

group, is engaged principally in food retailing. It is one of the groups in the United Kingdom and trades under the principality Liptons, Lo-Cost and Cordon Bleu.  Offer for Sale 95 million new ordinary shares of Argyll are being offer	he largest	food retail				
The new Argyll group, which combines the former Argyll group and the Allied group, is engaged principally in food retailing. It is one of the largest food retail groups in the United Kingdom and trades under the principal names of Presto, Liptons, Lo-Cost and Cordon Bleu.  Offer for Sale  95 million new ordinary shares of Argyll are being offered for sale by tender at a price of between a minimum of 85p per share and a maximum of 100p per share.  All shares will be sold at the same striking price. The striking price, which will not be less than 85p per share, will not necessarily be the highest price at which sufficient applications are received to cover all the new ordinary shares being sold.  Pro forma financial information  The proforma results and net tangible assets, based on combining the audited accounts of Argyll and Allied for the year to end March, 1982 after making certain.						
adjustments described in paragraph 5 of Appendix III, are set out below. For illustrative purposes, the effects of striking prices of 85p per share and 100p per share are indicated. At a striking price of 100p, profits and earnings per share are higher, as a consequence of a greater amount of cash being raised from the Offer for Sale, leading to lower interest costs.						
Ordinary shares in issue and arising from the convertible preference shares Turnover  21,077m 85p 100p						
Market capitalisation	Ling price	£139m				
Profit before taxation, including profit of £2.5m on sale of trade properties	£17.3m £15.3m	£19.4m £17.4m				
Earnings per share— after actual tax, including above property profit— 1.8p per share— after notional full tax, including above property profit—0.9p per share————————————————————————————————————	11.0p 6.0p	12.5p				
Price earnings ratios— after actual tax after notional full tax	7.7 142	8.0 14.9				
Price earnings ratios, excluding above property profit— after actual tax after notional full tax	9.2 16.6	9.3 17.1				
Gross dividend yield, on basis of forecast dividend of not less than 3.75p for the year to end March, 1983	6.3%	5.4%				
Net tangible assets, excluding property surplus of £15.9m.  Net tangible assets per share, excluding property surplus  of 11p per share	£55m. 40p	£69m 50p				

Summary information

The new Argyll group, which combines the former Argyll group and the Allied group, is engaged principally in food retailing. It is one of the largest food retail groups in the United Kingdom with combined sales of more than £1 billion and a current share of the national packaged grocery market in excess of 5 per cent with strong regional market shares in Scotland and Tyne Tees. In addition, it has other food distribution and

The merger of the former Argyll group and the Allied group was amounced on 11th May, 1982, when Argyll agreed to acquire, subject to certain conditions, the whole of the share capital of Allied from Allied (Holdings), a subsidiary of Generale Occidentale, for a consideration of approximately £101 million. The acquisition now remains conditional solely on listing being granted by the Council of The Stock Exchange for the new ordinary shares. It is expected that this will be granted on 9th June, 1982, subject only to allotment of the new ordinary shares. In such circumstances, the acquisition should be completed on 16th June 1982. The Offerfor Sale has been prepared on the account in the third and the completed on 16th June 1982. The Offerfor Sale has been prepared on the account in the third and the completed on 16th June 1982. 16th June, 1982. The Offer for Sale has been prepared on the assumption that this condition has been fulfilled and, where relevant, that the acquisition has been completed.

The board of Generale Occidentale has stated that it is selling its interest in Allied in order to concentrate on the expansion of activities in North America, on which it has

The consideration of approximately £101 million for Allied is being satisfied substantially through the allotment to Allied (Holdings) of 95 million new ordinary shares of Argyll. These new ordinary shares are being sold by Allied (Holdings) to Samuel Montagu, which is now offering them for sale by tender to the public at a price of between a minimum of 85p per share and a maximum of 100p per share. The Offer for Sale is thus raising gross cash proceeds of between £81 million and £95 million and the balance of the consideration of between £20 million and £6 million is being settled in cash by ArgylL

At the request of the directors of Argyll, the Council of The Stock Exchange suspended listing of the ordinary and convertible preference shares of Argyll on 10th May, 1982, pending the announcement the following day that Argyll had agreed to acquire the whole of the share capital of Allied. In view of the substantial nature of the acquisition of Allied in relation to the size of Argyll, the listing of existing Argyll shares has remained suspended pending completion of the acquisition. Application has been made for the whole of the ordinary share capital of Argyll to be admitted to the Official List by the Council of The Stock Exchange and, subject thereto and to completion of the acquisition of Allied, dealings are expected to commence on 17th June, 1982.

History and development

Argyll was incorporated on 5th December, 1939 with the name of Louis C. Edwards & Sons (Manchester) Limited to acquire a meat processing business founded in 1919. Its shares were listed on The Stock Exchange in 1962. On 28th July, 1980 the name of the company was changed to Argyll Foods Limited.

In February, 1979, Gulliver Foods, an investment holding company controlled by JGA, acquired a 20 per cent. interest in the then issued share capital of Argyll. Mr. J. G. Gulliver, Mr. M. A. Grant and Mr. D. G. C. Webster joined the board of Argyll at that time and assumed responsibility for its management and direction. Subsequently, Mr. R. E.

£17,000,000	Ordinary shares of 10p each	£13,710,469
	8 per cent convertible redeemable	
4,468,048	cumulative preference shares of £1	each 1,037,763
31,952		
		£14,748,232
£21,500,000	Indebtedness	£14,140,202
Detailecti	the indebtedness of the new Argyll group, w	high at 22nd May 1002
amounted to a to	stal of £45.2 million, excluding any term lo	ans to be drawn subse-
ment to this date	in connection with the acquisition of Allied,	are set out in paragraph
2 of Appendix V	Save as disclosed in that paragraph, and	apart from intra-group
indebtedness and	d guarantees, no company in the former Arg	yll group or in the Allied
group had outst	anding as at 22nd May, 1982, any mortgage	es, charges, debentures.
.loan capitaloran	y loan capital created but unissued or other	borrowingsorindebted-
ness in the nat	are of borrowings, including bank overd	rafts, liabilities under
acceptances or ac	ceptance credits, hire purchase commitmen	ntsor any guarantees or
other material o	ontingent liabilities.	
Timetable		
Application lists open	The state of the s	10.00 a.m. 10th June, 1952
	cement of dealings on The Stock Exchange	17th June, 1982 3.00 n.m. 30th July, 1982
note on town rollingstorm	,	. tad jejesousou; soos
Definitions		
	efinitions are used in this document:	•
Argvil	Arryll Foods PLC	
"Allied" "former Argyll group"	Allied Suppliers Limited  Argyll and its subsidiaries prior to the acquisition of	Allied
new Argyll group	Angell and its subsidiaries following the acquisition	
'Allied group"	Allied and its subsidiaries	
'Allied (Holdings)"	Allied Suppliers (Holdings) Limited	
Samuel Montagu	Samuel Montagu & Co. Limited	
Culliver Foods" Oriel	Guiliver Foods Limited Oriel Foods Limited	
Cordon Blea	Cordon Blea Freezer-Food Centres Limited	
JGA"	James Gulliver Associates Limited	·
ordinary shares	ordinary shares of 10p each of Arryll	
new ordinary shares	the 95 million ordinary shares being issued as parte	ensideration for the
convertible preference	acquisition of Allied Sper cent, convertible redeemable cumulative prefer	HyerA to chee 12 to sensula come
hares		The second secon
Offer for Sale	the Offer for Sale by tender of new ordinary shares, a	s described in this document
Warrauda"	warrants to subscribe for ordinary shares, as summar	sed in paragraph Lot Appendix V
striking price	· the sale price for the new ordinary shares	
Semark, Mr. D. F. Bu	rditt and Mr. C.S.Lawrie, all experienced se	mior executives in the food
industry, joined the	board of Argyll.	
During 1979	and 1980 the activities of Argyll were	substantially increased.
mineinelly through	a number of acquisitions including in ne	rticular the Cordon Bless

principally through a number of acquisitions including in particular the Cordon Bleu freezer centre business. In February, 1981, Argyll purchased Oriel from RCA Corporation for £19.5 million in cash, thereby transforming the scale and range of Argyll's operations and establishing the former Argyll group as a major United Kingdom food group with national food distribution interests. Mr. J. G. Gulliver, as chairman and chief executive, together with his present senior management team, was responsible for the development of Oriel over a period of four years from January, 1973 to January, 1977. The management of Oriel, when Argyll acquired it in February, 1981, was substantially that established during the period of his previous association with the business and this greatly facilitated the integration of Oriel with Argyll Argyll's retail activities now comprise two divisions, Lo-Cost and Cordon Bleu.

Allied was created in 1929 through the merger of a number of long established retail grocery businesses including Liptons Limited. The Home and Colonial Stores Limited and Maypole Dairy Co. Limited. By 1959, Allied had absorbed further grocery companies including Galbraith Stores Limited and R. & J. Templeton Limited. In 1972, Allied was acquired by Allied (Holdings), then called Cavenham Limited. Moores Stores, which had been jointly owned by Allied (Holdings) and The Southland Corporation Inc. since 1971, has been managed within Allied since 1976, although only purchased from Allied (Holdings) in 1980. The Caters supermarket division was acquired from Debenhams in 1980. Allied now comprises two divisions, Presto and Liptons.

Location of Presto stores



#### James Gerald Gulliver **Matthew Alistair Grant** Meppershall Manor, Meppershall Shefford Bedfordshire. 49 Pont Street, London S.W.1 Charles Sharpe Lawrie 19 Shurdington Road, Atherton, David Frederick Burditt Willows, Windsor Road, Datchet, near Slough, Berkshire. Hugh Martin Plowden Roberts The Boxes, Ockham Lane, Hatchford, Cobham, Surrey, Charles Martin Edwards Longmeade, Oak Road, Mottram Roy Edward Semark, FCA St. Andrew, near Prestbury, Cheshire. Higher Bowden, Wilkins Green Lane, Nast Hyde, Hatfield, Hertfordshire. Evan Kendrick Edwards David Gordon Comyn Webster South Winds, The Common, Berkhamsted, Hertfordshire, Nobold House, near Shrewsbury, Shropshire. Secretary and registered office Brokers. Panmure Gordon & Co., 9 Moorfields Highwalk, Colin Deverell Smith, FCA, St. Christopher House, 217 Wellington Road South, Stockport, Cheshire SK2 6QW. London EC2Y 9DS. Solicitors to Argyll Ashurst, Morris, Crisp & Co., Broadgate House, Principal Bankers Midland Bank plc. Poultry, London EC2P 2BX 7 Eldon Street, Samuel Montagu & Co. Limited, 114 Old Broad Street, London EC2M 7HD. London EC2P 2HY. Solicitors to the Offer for Sale Herbert Smith & Co., Barclays Bank PLC, Watling House, 54 Lombard Street, London EC3P 3AH 35/37 Cannon Street, London EC4M 5SD. National Westminster Bank PLC. Reporting accountants on and 41 Lotbbury, London EC2P 2BP. auditors of the former Argyll group Arthur Andersea & Co., Receiving bankers Samuel Montagu & Co. Limited, Chartered Accountants. Bank House, 9 Charlotte Street, New Issue Department, Augustine House, Austin Friars, Manchester M14EU. London EC2N 2JL Reporting accountants on and auditors of the Allied group Williams & Glyns Registrars Limited, Price Waterbouse, Chartered Accountants. P.O.Box 27, 34 Fettes Row, Edinburgh EH3 6UT Southwark Towers. 32 London Bridge Street, London SE19SY.

The principal activity of the new Argyll group is retail food distribution, as shown by the table below which analyses turnover for the year to end March, 1982. The table is based on combining the turnover of the former Argyll group and of the Allied group for that year, as further analysed in paragraph 4 of Appendix III.

40% 38% 7% 5%

Presto-large supermarkets and superstores

Liptons—supermarkets
Lo-Cost—limited range discount stores Cordon Bleu-freezer centres

Wholesale food distribution Food manufacturing

Retail food distribution

### Retail food distribution

Large supermarkets and superstores

The Presto division operates 129 supermarkets and superstores, having a total sales area of some 2.0 million square feet and an average sales area per store of some 15,000 square feet. Of these, 11 stores have a sales area in excess of 25,000 square feet each.

The Presto division was formed in 1967 to develop the traditional strength of Allied in bacon, cheese and other provisions, including high quality fresh meat and produce, in combination with a wide range of groceries at discount prices.

From a small base in the early seventies in the North East and Yorkshire, Presto was expanded into Scotland in 1976 and then to other areas of the country through the was expanded into Scotland in 1570 and then to other areas of the country through the conversion of the larger Moores stores. Thereafter, while maintaining a strong market share in Scotland and the North, the development of Presto was directed towards the South, first to the Midlands and then, with the purchase of Caters stores, most of which were converted to Presto, to London. By March, 1980 Presto had 25 stores in the London area to give it a significant presence there. Since then, 5 new stores have been added and a further 2 are under construction in the London area.

American ideas in the design, layout and equipment of supermarkets have progressively been incorporated into Presto over the last two years. In particular, some 37 stores have now been remodelled into the "Food Market" concept, which emphasises a wide range of fresh foods (including fresh meat, fresh fish, fresh produce, dairy and delicatessen departments and in-store bakeries) together with competitively priced packaged gruceries and low priced own label and generic grocery products. The Presto Food Market concept creates an attractive shopping environment and further Presto store conversions are being implemented in the current year,

In 1978, Presto's operations consisted of 77 stores with a total sales area of 1.1 million square feet, and an average sales area per store of 14,000 square feet. Since 1978, 60 new Presto stores have been opened, including conversions of Caters supermarkets, and turnover has increased from £166 million in 1978 to £435 million for the year to end: March, 1982. The location of the existing Presto stores is shown by the map opposite:

y June 7 1982

The Liptons division operates 789 convenience grocery stores under the names of Liptons, Templeton and Galbraith and has a total sales area of some 1.9 million square feet, with an average sales area per store of some 2,400 square feet.

Liptons is the trading name for the 588 smaller slores, averaging 2,300 square feet of sales area, trading in England and Wales. A previous multitude of fascias was rationalised into Liptons in the early 1970s. These stores have been progressively refined with loss-making stores being closed Their disposal has provided funds to refit and modernise the remainder, thereby improving quality and facilitating the introduction of fresh produce, meat, finit, vegetables and wines and spirits.

The Liptons name is strongest in the North East, Lancashire, Yorkshire and Landon, and is also well represented in the holiday areas of North Wales, Devon and Cornwall, the South Coast and Kent. In addition, there are Liptons Foodballs in 13 of the Debenhams department stores.

Templeton is the trading name for the larger Scottish supermarkets within the division, comprising 85 stores with an average/sales area of 4,500 square feet per store. Templeton has a reputation for fresh foods and quality and is particularly strong in the West of Scotland and the Ayrshire coast. The use of the traditional Templeton name with local management maintains the Scotlish identity of these stores.

Galbraith is the name used for the 103 smaller Scottish convenience stores, averaging 1,200 square feet per store. The stores are mainly in estate and high street locations in

Limited range discount stores

The Lo-Cost division operates 157 discount supermarkets having a total sales area of 541,000 square feet and an average sales area per store of some 3,400 square feet. Turnover in the year to end March, 1982 was £73 million and, with the benefit of the recent Pricerite stores acquisition, is currently at an annual rate of around £100 million.

Lo-Cost are mainly located in the West Midlands, Wales and North West England. Lo-Cost offers customers the benefit, through a policy of central bulk buying, of purchasing a range of branded products, including quality fresh foods, at competitive prices in convenience small town and suburban locations. The policy of concentration on branded products has lead to the establishment of a strong trading relationship between this division and manufacturers.

Retail food distribution and administration

The Presto and Liptons divisions are serviced from 9 distribution depots with a total warehouse area of 688,000 square feet and 4 fresh produce depots, located throughout the country. Some 1,800 grocery lines, including own label products, are distributed by a fleet of 213 vehicles. The Lo-Cost division is serviced from 3 distribution depots, with a total warehouse area of 149,000 square feet, located at Queensferry in North Wales, Shrewsbury and Heathfield in Devon Distribution of some 1,300 grocery lines is by Lo-Cost's fleet of

Administration for the Presto and Liptons divisions is concentrated in a modern office of 41,000 square feet in South Shields, employing some 500 staff. Remote computer facilities are directly linked to the main computer installation in the modern head office of 58,000 square feet at Hayes. Buying is directed centrally from Hayes with specialist divisions for fresh meat, fresh produce, in-store bakaries and fresh fish. The supporting departments of property and development, finance, marketing and personnel are also located at Hayes. Administration and buying for the Lo-Cost division is centred in an of 10,000 seconds of the control o office of 10,000 square feet at Queensferry, North Wales.

Freezer centres The Cordon Blen division operates 137 freezer centres located throughout England having a total sales area of 308,000 square feet and an average sales area per store of some 2,200 square feet. It's 137 stores include 45 of the original Cordon Blen stores acquired in November, 1979, 31 stores acquired with Dalgety Frozen Foods in February, 1980, 38 of the 66 Freezer Fare stores acquired in October, 1980 and 5 Bommart stores acquired in November, 1980. Cordon Bleu has also opened 13 stores over the last twelve months.

All Cordon Bleu freezer centres carry a uniform range of products, with common merchandising and pricing policies. In addition to selling approximately 600 lines of frozen foods, Cordon Bleu sells a limited range of groceries, freezers and microwave ovens.

The stores are principally serviced from 2 cold store depots located at Salford, near Manchester and Sevenous in Kent. The head office of Cordon Blen is located in modern premises of 15,000 square feet at Stockport, Cheshire.

Cash and carry

Mojo operates 29 wholesale cash and carry depots throughout England and Wales having a total sales area of 578,000 square feet, and is a member of the Keencost buying and marketing group. Mojo originally operated principally as a supplier to the retail grocery trade but has extended its market and is now involved in catering supplies, wines and spirits; cigarettes and tobaco, confectionery, grocery provisions and fresh meat. The majority of its outlets are well established in defined local markets.

Snowking Frozen Foods is a specialist wholesale distributor of frozen foods, operating from 12 depots with a total capacity of 721,000 cubic feet, principally located in the South of England and the Midlands Snowling offers a range of some 1,750 frozen food products, both branded and own label, to service the food retail and catering markets.

Food manufacturing Argyll Quality Foods manufactures and sells a range of quality plain and halfcoated biscuits under the "Bronte," Yorkshire Biscuits" and "Furniss" labels. It also manufactures and sells aborthread and oatcakes under the "Paterson" label, and timed cakes and pies under the "Purdy" label. Argyll Quality Foods is located in premises at Haworth in Yorkshire, Truro in Cornwall and Livingston in West Lothian.

Gold Crown Foods blends and packs tea both under its own Mantuona regional brand label and under private labels and also packs coffee. Gold Crown Foods is located in

Liverpool Central Oil refines and supplies edible oils and fats which are largely sold to the major food manufacturers in the United Kingdom. It is located in central Inopia and

Management and employees Directors.

Directors

Mr. J. G. Gulliver, who is aged 51, is chairman of Argyll and has been a director since February, 1979. From 1965 to 1972 he was chief executive, and from 1967 also chairman, of Fine Fare Limited He was also a director of its parent company, Associated British Foods Limited In 1971 in addition to retaining his fine Fare responsibilities, he was appointed executive vice president of Lohlaws, an associated company, the second largest supermarket chain in Canada. In October, 1972, he left Fine Fare to develop his own interests and in January, 1973 acquired a substantial shareholding in Oriel, where, as chairman and chief executive, he was responsible for its development until the end of 1976. this prime commitment is as executive chairman of Argyll, to which he devotes the greater part of his time; in addition, he is chairman of Alpine Holdings PLC and Amalgamated Distilled Products PLC, which are separate public listed companies. He is also chairman of JGA and Gulliver Foods.

Mr. D. F. Burditt, who is aged 52, has been a director of Argyll since June, 1980. Following a period of time with Procter & Gamble, he was employed by Beechams from 1971 to 1977, latterly as managing director of Beecham International Consumer Products Division. From 1977 to 1979 he was group managing director of Thomas Borthwick & Sons Limited. He is responsible for Argyll's food manufacturing division. He is also a director of Gulliver Foods

Mr. C. M. Edwards, who is aged 36, has been a director of Argyll since September, 1972. He is a non-executive director.

Mr. E. K. Edwards, who is aged 70, has been a director of Argyll since March, 1980, following the acquisition by Argyll of Morgan Edwards Limited. He is a non-executive

Mr. M. A. Grant, who is aged 45, has been a director of Argyll since February, 1979.

From 1968 to 1972 he was part of Mr. Gulliver's management team at Fine Fare, latterly as marketing director. From 1973 to 1977 he was managing director of Oriel. He is an executive director, with group operational responsibility. He is also a director of Alpina Holdings P.C., Amalgamated Distilled Products P.C., J.G.A. and Gulliver Foods.

Mr. C.S. Lawrie, who is aged 48, has been a director of Argyll since September, 1981. From 1959 to 1973 he was a senior executive of an associated company of Fine Fare, for which Mr. Gulliver was responsible, engaged in delivered and cash and carry wholesaling. Since 1974, he has been part of the management of Oriel, latterly as a director. He is

responsible for Lo-Cost Stores and Mojo. Mr. H. M. Plowden Roberts, who is aged 49, was appointed a director of Argyll in June, 1982. Following a period of several years as an executive and director of a retail and wholesale meat company, he was appointed to Allied in 1967 to establish the fresh meat operation as part of the supermarket development programme. He joined the board of Allied as fresh foods director in 1971, becoming marketing director in 1972 and operations director in 1975. He became managing director and chief executive of Allied in 1979, and

Mr. R. E. Semark, who is aged 42, has been a director of Argyll since July, 1979. From 1964 to 1978 he was part of Mr. Gulliver's management team at Fine Fare, and a director from 1974. He is responsible for Cordon Bleu and Snowking. He is also a director of JGA and Gulliver Foods.

Mr. D. G. C. Webster, who is aged 37, has been a director of Argyll since February, 1979. He was director of corporate finance of Oriel from 1973 to 1977. As an executive director he is responsible for group corporate finance. He is also a director of Alpine Holdings PLC, Amalgamated Distilled Products PLC, JGA and Gulliver Foods.

The new Argyll group has the following employees, of whom some 11,700 are employed on a part-time basis:

Retail food distribution:

Large supermarkets and supersiones.

Small supermarkets
Limited range discount stores. ener centres rehouse and distribution de food distribution

The consideration receivable by Allied (Holdings) for Allied amounts to approximately £101 million, which is being settled through the allotment of the 95 million new ordinary shares and through cash. The cash element of the consideration represents the difference between the consideration and the gross cash proceeds of the Offer for Sale and is estimated in the table below on the basis of different striking prices for the new ordinary charges (in multiples of 5p for illustration only) which may be achieved under the Offer

	Siring price of new ardinary shares		859 (minimum atribing wire)	90p	<b>95</b> p	100p (maximum striking price)
	The state of the s	-	2m	200	£m	2m
-	Gross cash proceeds of Offer for Sale		81	85	90	95
•	Cash element of the consideration.		20	16	11	6
	Estimated total consideration before expenses		101	101	101	101

The above table thus indicates that the cash element of the consideration, to be financed by new term loans, reduces as the price at which the new ordinary shares are sold increases. In addition, interest on the consideration, estimated to be £2.5 million, is payable in respect of the period from 16th April, 1982 up to the date of completion. Argyll will at the same time have the benefit of the profits of the Allied group arising since 3rd April, 1982. Further details of the financial terms of the acquisition are given in

The term loans to finance the cash element of the consideration and interest and expenses are being provided by Samuel Montago and Midland Bank plc. Details of these loans are given in paragraph 6 (xiv) of Appendix V.

Terms of the Offer for Sale

The 95 million new ordinary shares are being offered for sale by Samuel Montagu by means of a tender offer whereby applicants choose a price of between a minimum of 85p per share and a maximum of 100p per share at which they wish to apply.

When the application list for the new ordinary shares has been closed, the applications will be considered with a view to providing an appropriate distribution of shares among large and small investors and to establishing a market in the new ordinary shares among large and small investors and to estamishing a market in the new ordinary shallow for which a reasonable spread of shareholdings is required. The striking price will then be determined by Samuel Montagu and all the shares will be sold at the one striking price. The striking price, which will be not less than 85p per share, will not necessarily be the highest price at which sufficient applications (including applications at higher prices) are received to cover all the new ordinary shares being sold.

Applicants tendering at a price below the striking price will receive no allocation of shares and will have their chaques returned to them. If any applications at or above the striking price are accepted in part only, applicants will have any surplus amount following allocation returned to them.

The new ordinary shares will rank pari passu with the existing ordinary shares currently in issue, save that they will not rank for the proposed acrip issue of warrants described in paragraph 1 of Appendix V, nor for a dividend of 2.25p per share, which was declared on 10th May, 1982, to be paid on 27th Angust, 1982; this dividend will be paid as a second interim dividend in lien of a final dividend in respect of the fifty two week period ended 27th March, 1982.

The new ordinary shares will rank for the interim dividend proposed to be paid in November, 1982 in respect of the year to March, 1983, which is forecast to be 1.25p per share, as referred to below.

Details of how to apply for the new ordinary shares now being offered for sale are set out in "Procedure for Application" at the end of this document.

Preferential applications. Of the 95,000,000 new ordinary shares being offered for sale, a maximum of 21,804,724 new ordinary shares, representing approximately 23 per cent. of the shares being sold, is being made available for preferential applications, on the terms described above, by holders of existing ordinary and convertible preference shares of Argyll, on the register of members of Argyll at the close of business on 1st June, 1932. Such shareholders are entitled to make preferential applications on the following bases:

Ordinary shareholders Convertible preference

shareholders

one new ordinary share for every two existing ordinary shares then held;

145 new ordinary shares for every 200 convertible preference shares then held and so in proportion for holdings of any other amount (being an offering pro rata to the conversion rights attached to the convertible preference shares).

Fractional emittlements have been ignored.

A maximum of 1,000,000 new ordinary shares is being reserved for preferential applications by the management and employees both of the former Argyll group and of the Allied group, on the terms described above. In the event that the aggregate applications. from the management and employees exceed 1,000,000 new ordinary shares, allocations to management and employees may be limited to 10,000 new ordinary shares per individual applicant. Applications for more than 1,000,000 new ordinary shares will then be treated on the same besis as that of the other applications not subject to preferential

In the event that applications for new ordinary shares at or above the striking price are received for a total in excess of the number available, preferential applications at or above the striking price will be accepted in full on the bases described above, and other applications will be scaled down. No allocation will be made in respect of applications. whether preferential or otherwise, for new ordinary shares at prices tendered below the striking price.

The preferential invitations for shareholders of Argyll, together with those for employees, are not transferable or assignable and, accordingly, do not represent a benefit which may be claimed through the market, and are available only to shareholders named on the register at the close of business on 1st June, 1982 and to employees to whom the invitations are addressed.

Both the former Argyll group and the Allied group bave made significant acquisitions over the last five years and, as referred to below, Allied has distributed very substantial levels of dividends over the period. Accordingly, it is not considered informative to set out a few year summary of proforms profits before and after taxation, and earnings per share, of the combined group.

The table below summarises the turnover and trading profits before interest and exceptional items of the former Argyll group and the Allied group for the last five years. Detailed analyses of the turnover and trading profits, together with the bases on which they have been prepared, are set out in paragraph 4 of Appendix III.

			an arabent		
	1978	1979	2980	1581	1982
Tuesday	£ me	£m.	£m	£m,	· £m
Former Argyll group	20.0	. 19.5	30.0	.90.6	229.8
Albeignop	525.4	568.8	647.1	780.9	846.8
	545.4	588.8	677.1	871.5	1,076.6
Tracking profits:					
Former Angell group	0.2	(0.2)	. 0.7	.18	. 7.0
-rebailing	3.4		. 9.7	. 10.2	115
-property profits	. <u></u> 0.8	4.0	4.3	4.5	34
Combined trading profit before interest and before pertain other property profits	10.4		14.7	16.5	20.9

A table indicating the pro forms profits and earnings per share of the combined group for the year to end March, 1982, appears in paragraph 5 of Appendix III. This table shows that the proforms profit before taxation of the combined group for the year to end March, 1982, after making pro forms adjustments for interest and other items, varies between £17.3 million and £19.4 million depending on the striking price of the new ordinary shares under the tender; as the striking price increases, so is a greater amount of cash raised from the Offer for Sale, leading to lower interest costs and higher profits and earnings per share. :

Summaries of the trading results and earnings per share of the former Argyll group and of the Allied group for the last five years are set out in Appendices I and II, respectively. It will be noted that the profits of the former Argyll group increased significantly subsequent to 1979 following the implementation by new management of a substantial programme of acquisitions and the development of new activities from that year.

Allied, as a wholly owned subsidiary of an international group, has distributed very substantial levels of dividends to the Allied (Holdings) group during the last five years, which have in total exceeded its profits after taxation. The directors of Argyll believe that the growth of Allied's business has been considerably restricted by this dividend policy and, in accordance with Argyll's present policy, would anticipate the retention of a substantially higher proportion of future profits within Allied, in order to finance the future expansion and development of operations, and thereby enhancing profit prospects.

Dividends The directors forecast for the new Argyll group an interim dividend of 1.25p per ordinary share in respect of the year to March, 1983, proposed to be paid in November, 1982. The directors expect to recommend a final dividend of not less than 2.50p per ordinary share, making total dividends for the year to March, 1983 of not less than 3.75p per ordinary share. As previously stated, dividends in respect of the year to March, 1983 will be payable on all the ordinary shares in issue, including the new ordinary shares being offered for sale. It is the directors' intention that future dividend policy will broadly reflect the

progress of the new Argyll group. Prospects

30,200

The new Argyll group is a broadly based food retailer with substantial representa-tion, and separate trading identities, within four important food retailing sectors.

Presto-large supermarkets and superstores

Presto, with turnover in the year to end March, 1982 of £435 million, has opened new Presto Food Markets in Manchester and Swansea since April, 1982, making a current total of 129 stores. New Presto Food Markets have an average sales area of approximately 18,000 square feet. Under Presto's store development programme, a further 6 stores are scheduled to open by March, 1983, mostly in the South of England, increasing the sales area of Presto stores to some 2.1 million square feet, which represents an increase of 91 per cent. since April, 1978. An additional 4 stores are under construction for opening after April 1983 and negotiations are in progress to some feet, which represents an increase of 91 per cent. since April, 1978. An additional 4 stores are under construction for opening after April 1983 and negotiations are in progress to scrutice further sites. For April 1983, and perceptions are in progress to scrutice further sites. April, 1983 and negotiations are in progress to acquire further sites. By April, 1983 more than half of the total sales area of Presto (over 1,000,000 square feet) will have been remodelled into the Presto Food Market concept. The directors of Argyll believe that the Food Market concept offers attractive prospects for further development and they intend to give strong emphasis to the expansion of the Presto division. Liptons-supermarkets

The Liptons division, which operates a total of 789 stores, with turnover in the year to end March, 1982 of £412 million, will continue its refit and modernisation programme. By April, 1983 271 stores, representing 46 per cent of the Liptons division sales area, will have been refitted and modernised within the preceding four years.

The Liptons division's trading concept, based on a quality fresh food image in convenience locations, is expected to continue to offer sound prospects from stores trading in appropriate locations.

Lo-Cost-limited range discount stores

Lo-Cost, which operates a total of 157 limited range discount stores with an average sales area per store of some 3,400 square feet and total turnover at a current annual rate of around £100 million, including the recent acquisition of Pricerite stores, will continue its successful trading concept of providing mainly branded lines, and fresh food, in convenience locations at discount prices. Lo-Cost obtains 60 per cent of its total volume from products distributed from its own warehouses.

It is planned that Lo-Cost's present regional concentration in the North West and West Midlands will be extended both through an acceleration of new store openings and through the conversion to the Lo-Cost trading format of suitable Liptons stores. Cordon Bleu-freezer centres

Cordon Bleu, with turnover in the year to end March, 1982 of £49 million, has opened 4 new stores since April, 1982, of which 3 were conversions of Pricerite stores, to make a current total of 137 freezer centres. Cordon Bleu plans to open a total of 20 freezer centres during the year to March, 1983, including 5 Pricerite conversions.

It is considered that significant opportunities will exist for the accelerated expansion of Cordon Bleu through the selective conversion of a number of existing stores within the Liptons division into Cordon Blen freezer centres in the course of the next two years and also to extend Cordon Bleu's penetration into the North East and Scotland, where it is not at present represented.

The former Argyll group's food wholesaling and manufacturing activities will represent some 10 per cent of the total turnover of the new Argyll group. These activities are supplementary to the mainstream retail operation.

The directors consider that the capital funds required for developing new stores and for the modernisation and conversion of existing stores can be generated from current resources, from the cash flow of the business and from the disposal of surplus properties. Summary

The directors of Argyll are confident of the trading prospects for the new Argyll group. Efficient food distribution, which involves the buying, physical distribution, marketing, administration and control of very substantial volumes of food products, is a business which offers significant benefits of scale. Accordingly, the directors of Argyll believe that the major opportunities for profit improvement and increased efficiencies resulting from such scale benefits are available both within the Allied group, to ensure its continued development and expansion as a strong and efficient national grocery retailer, and also from the combination of the complementary activities of Argyll and Allied.

Priority will be given to seeking to obtain through such profit improvement and efficiency programmes an increased net operating margin for each of the four retail operating divisions of the new Argyll group in line with best food industry sector permance and standards.

APPENDIXI

ACCOUNTANTS' REPORT ON THE FORMER ARGYLL GROUP The following is a copy of a report on the futurer Argyll group received from Arthur Andersen & Co. Chartered Accountants: The Directors, Argyll Poods PLC,

The Directors, Samuel Montagu & Co. Limited.

Gentlemen,

We have audited the balance sheet of Argyll Foods PLC ("Argyll") and the consolidated balance sheet of Argyll Foods PLC and its subsidiaries (together the "farmer Argyll group") at 37th March, 1983 and the related consolidated profit and loss accounts and consolidated statements of source and application of funds for the five accounting periods ended on or about 31st December, 1977, 1973 and 1979, 26th March, 1981 and 27th March, 1982, prepared on the basis of the accounting policies set out in paragraph 4 below.

The principal subsidiaries in the former Argyll group are set out in paragraph 4 below.

We were not the auditors of the former Argyll group are set out in paragraph 4 below.

We were not the auditors of the former Argyll group are set out in paragraph 4 below.

We were not the auditors of the former Argyll group are set out in paragraph 4 below.

We were not the auditors of the former Argyll group are set out in paragraph 4 below.

We were not the auditors of the former Argyll group for the year ended data December, 1979, the fifteen month period ended 28th March, 1981 and the 52 week period anded 27th March, 1982.

In our opinion, the financial information presented in paragraphs 1 to 4 below for the five accounting periods ended 27th March, 1982, which is based on the audited accounts after making such adjustments as we consider necessary, gives a true and fair view, on the basis of the accounting policies set out in paragraph 4 below, of the state of affairs of Argyll and the firmer Argyll group at 27th March, 1982 and of the profits or losses and source and application of finite of the former Argyll group for each of the five accounting periods then ended, on a consistent basis.

Further, in our opinion the consolidated current cost accounts set out in paragraph 5 below have been prepared in accordance with the stated policies to give the information required by Statement of Standard Accounts for any of the companies in the farmer Argyll group have been prepared.

. No sudited accounts for any of the companies in the farmer Argyll group have been prepared in respect of any period since 27th March, 1982.

1 CONSOLIDATED PROFIT AND LOSS ACCOUNTS

The table below sets out the audited consolidated results of the former Argyll group for the five accounting periods ended 27th March, 1982.

,	Zioka	• 1977	Years anded one Stat December 1978		anded 28th Merch, 1981	ended 27th March, 1983
. "		£7000	. 2300	£'000	£'000	2000
Throver: Food manufacturing. Edible oil refining Food distribution.		=	=	1,519	5,225 3,456	15,263 23,211
Food distribution  — procesy retail and wholesale  — treezer contres  Discontinued activities	V 40- 71	20,471 9,539	10,593 9,564	9.081 3.695 8,519	43,026 45,323	142,871 48,414
		20;010	20,147	22,814	102,030	229,759
Trading profit/(loss) before group	60		. /			
Food manufacturing Edible oil retining		=	=	. 320	746 67	1,482 573
Food distribution  -grocery retail and wholesale  -freezer centres		348	217	186 138	595 1.135	3,572 1,863
Discontinued activities		297	(164)	(174)		
		445	(47)	470	2,543	7,490
Group expenses Profit on sale of a trading importy	60	(156)	(187)	0.50	(412)	(443) 533
Net interest expense	(iii)	(82)	(110)	(105)	(532)	(487)
Profit/(loss) before treation and extraordinary items		207	(344)	211	1,599	7,093
Texation credit/(charge)	Gv)	(38)	173		=	(687)
Profit/(loss) before extraordinary items.			(172)	211	1,599	6,406
Extendinary items	(4)		(572)	(378)	(111)	(1,147)
Net profit/(cee)	•	709	(744)	(182)	1,488	5,259
Convertible preference shares Ordinary abares	•	_=	=	<u> </u>	(64) (757)	(95) (1,368)
Transfer to/(from) revenue reserves Revenue reserves at beginning of period Transfer to capital redemption reserve		109 730	67440 839	(162) 95	667 (67)	3,805 600 (32)
Revenueres ves (deficit) at and of period		839	95	(67)	600	4,878
Earnings/Goss) pershate	(60)	0.7р	(1.2p)	1.2p	5.3p	15.0p
Dividends per share: Convertible preference Ordinary		nil	mil	mil	6.0p 2.0p	8.0p 3.25p

Convertible preference	(1) (1)	nil	<u>mil</u>	nīl	6.0p 2.0p	8.0p 3.25p
2 BALANCE SHEETS						
The table below sets out the and the firmer Argyll group at 27th March,	ited bala 1982.	une sheet of Ar	gyllandthes	ndihed conso	lidated balan	ce sheet o
	Notes		27th More	it 4,1982	Former Arg 27th Man	oll group ch,1982
			£7000	£'000	£'000	£1000
Assets employed:	-					
Fixed sesets	(vii)			202		25,653
Goodwill		•				8,136
Interest in subsidiaries				28,039		_
Carrent assets:						
Stocks					27,750	
Debtors			251 1,141		8,162 997	
(	٠.					
			1,393		38,909	
Less Current Rabilities:						
Corporationtax	. '		406		1,295	
Creditors			898		89,755	
Dividends	1		947		947	
Bankoverdrafts (secured)	•				30	
	:		1,751		42,027	
Net corrent liabilities				(369)		65,118
				27,882		28,671
				27,002		20,011
Financed by:		• •				
Share capital	4.795			2010		5.349
Share premium	CATTA	•		5,249 12,228		12,228
Capital redemption reserve				32		32
- Revenue reserves			_	4,873		4,373
				21,882		21,882
Deferred texation	( <del>12</del> )		-			489
Deferred purchase consideration				-		300
Bank loans (secured)	₩.			6,000		6,000
		•		27,882		28,671

	Tomerous forest or seminarion	-		. ,	0,000		
			•		27,882		28,671
							_==
	8. CONSOLIDATED STATEMENT						
	The table below sets out the audit	ted cons	olidated state	ments of som	cce and ap	plication of i	edt to zbari
	former Argyll group for the five accounting	periode	ended 27th M	arch, 19 <u>82.</u>		15 month	52 meie
			_			period	period
		Votes	Ye	ars ended an or Sixt Decembe	ahaut	ended 28th March	endad. 27th March.
		11000	1977	1978	1979	1981	1983
	Source of funds:		£'000	£1000	27000	£'000	£'000
	Arising from/(absorbed by) operations: Profit/(loss) before taxation and						33003
	extraordinary items		207	(344)	211	1,599	7,093
	Extraordinary items before taxation.			(750)	(373)	(iii)	(1,447)
			207				
	Adjustments for items not involving the		201	(1,094)	(162)	1,488	5,646
	movement of funds:						
	Depreciation		112	156	265	1.861	2309
	Profit on sale of fixed assets		(79)	(13)	(12)	ี ซีผู้อ	(629)
	Profit on sple of subsidiary		-			(220)	· (21)
	Provisions for losses on fixed assets						
•	held for sala			103	127	-	_
	Total arising from/(absorbed by)						
	. operations		240	(848)	218	2,703	7.805
	Other sources:						
	Proceeds from sale of fixed assets	a)	135	24	66	790	1.354
	Estimated proceeds from fixed sessits	AU)	_	<del></del> .		_	76
	held for sale		_	386	602	188	
	Proceeds from issues of shares		_		1.284	15,768	
	Consideration due to vandors of		_	_		,	_
	cohordinates			_	1,000		-
	Deferred purchase consideration			· '		400	_
	Bank loans			_	1,170	12,650	10
	Decrease in warking canalal	٠.	•	-	_	6	20.0

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Financing of the acquisition of Allied

	Correct Habilities:	using relevant indices published by the Central Statistical Office which reflect the changes in imput prices on
ARGYLL FOODS PLC	Corporation for — 264 1,407 (34) Cradition — 2,653 27,537 (34) Dividends — 34	perionced by the farmer Argell growth. the believes sheet six any advantment would not be restored.
ABGUL FOODS FIC Continued	Benis overdrafts	(c) Monetary working constant in the monetary working capital needed to support the operation of the former Argyll group. It is calculated on trade debtors and creditors using the averaging method capitality of the former Argyll group. It is calculated on trade debtors and creditors using the averaging method
Application of funds: Purchase of fixed assets 320 180 413 4505 8,848	Netcurrent assets/(liabilities) — 90 8,254 (42) Delerred taxation — (494) 5	espability of the former Argyll group, it is calculated on transference and explying the price indices appropriate to stocks, debtors and esplaines.  (a) Loss on sole of fixed assets:  This represents the difference between the historical and current cost not book values of fixed assets end
Bank loans repaid 7,520 — 7,520 — 4,546 25,051 —	Net assets accounted/feeld) — 2224 22,419 (55)	during the period.
Consideration due to vandous of subsidiaries	Goodwill/(profit on sels)	(iii) Geering adjustment The gearing adjustment represents the proportion of the current cost operating adjustments which is financed by not borrowings rather than by shareholders finals. It has been calculated on a group besis using the method illustrated in the Guidance Notes to the Statement of Standard Accounting Practice Number 16.  (iv) Current cost cornings per share
Additional payments for Curdon Siet. — — — — — — — — — — — — — — — — — — —	Consideration satisfied by way of:	Current cost earnings per share are based on current cost prous bears extraordinary teams, associated average number of ordinary shares in issue during the period.
Debentures repaid 470 Turation paid 55 669 Dividends taid 574 1,128	Ceeh: to vendors/(from purchasers) — 3,220 19,870 (80) acquisition and disposal express — 266 1,063 4 Shares issued — 4,118 due to be issued — 1,000.	(v) Fixed assets  Freehold and lessehold properties are stated at their value to the business. This has been calculated by spolying those specific indices published by the Central Statistical Office which are considered most appropriate to the business concerned, to valuations performed as at 28th March a settle large most large magnifications.
Increase in working capital 218 — — —		to the business concerned, to valuations performed as at 25th March, 1981. These valuations were prepared on the basis of the estimated open market values of the properties in their existing use, mostly by personnel of Argylls property department. However, properties with significant unit values were valued by external values who also carried out sample valuations of the rebal properties in order to convolverse the internal valuations.
Total application of fonds 538 180 5,054 41,171 12,264 Increase/(decrease) in cash and	(xil) Commitments and contingent liabilities  Commitments and contingent liabilities of the former Argyll group at 27th March, 1982 comprises	Plant comment and moral ventures is some at its venture to describe the area area of the some contributed insing
henk halances (158) (43) 1,784 (4,990) 13	(a) Capital commitments £700 Contracted for 512 Authorised but not contracted for 275	instance cast less section index published by the Contral Statistical Office considered to be the most appropriate to the business concerned. No occount has been taken of changes in the rate or availability of government grants.
Increase/(decrease) in working capital requirements   302 (447) (515) 1,870 8,089	787	Consolidated fixed essets at 27th March, 1982 comprises  Correct Accomplated Notcorrect cost depreciation controller
Assets held for sale	(b) Lease commitments  The former Argyll group leases a number of properties for which the convent not annual rentals assume to approximately £3,670,000.	£000 £000 £000 12,986 952 12,083
subsidiary	(c) Pension scheme  The former Argyll group maintains contributory defined benefits pension schemes for certain eligible employees. The costs under these schemes were approximately £184,000 in the 62 week period ended £7th March,	Plant, equipment and vehicles 88,974 18,484 20,499 51,969 19,436 32,523
4 NOTES TO THE FINANCIAL INFORMATION	1963.	(vi) Connent cost reserve at 27th March, 1982 comprises:
Notes (ii) to (xiv) below refer to the consolidated profit and loss accounts, balance sheet and statements of source and application of funds of the former Argyll group, except where otherwise relevant or where it is	(viii) Development of group structure and principal subsidiaries  Appli was incorporated in England on 5th December, 1939 under the name of Louis C. Edwards & Sons (Manchester) Limited to acquire a meat processing business founded in 1918. Its shares were listed on The Stock.	Surplus on revaluations of fine agents  Write back of dilapidations provisions  Cost of sales adjustment  Monetary working capital adjustment  Castro adjustment  (227)
indicated that they refer to Argyll.  ① Accounting policies  The accounts have been prepared on the historical cost basis using the following accounting policies:	(Manchester) Limited to acquire a meat processing business founded in 1919. Its shares were listed on The Stock.  Exchange in 1962 and its name was changed to Argyll Foods Limited (now Argyll Foods PLC) on 28th July, 1960.  In February, 1979, Galliver Foods Limited acquired an interest in 20 per cent of the them issued share capital of Argyll. At the same time, Gulliver Foods Limited assumed a central rule in the management and direction.	Monetary working capital adjustment (2.237) Gearing adjustment (982) 9,335
Principles of consolidation  The consolidated accounts comprise the accounts of Argyll and its subsidiaries, after eliminating all significant inter-company balances and transactions, Subsidiaries are accounted for as from their effective data of	of Argyll with the objective of expanding Argyll's scale of operation and product base. Since that date, a substantial number of acquisitions and changes have taken place, the most significant being summarised below:  Effective	The current cost reserve represents the amounts set saids by the former Argyll group to maintain the operating capability of its business to the extent that this last not already been allowed for in the historical cost.
acquisition or disposal, as defined by Statement of Standard Accounting Practice Number 14.  Interest in subsidiaries	destrof acquisition Company or business acquired Considerations	operating capability of its business to the exiant that this has not already been answer in it are manufacture.  Yours faithfully, ARTHUR ANDERSEN & CO.
Argyll accounts for interests in subsidiaries under the equity method whereby such interests are stated at cost, adjusted for retained profits and losses since acquisition.  Goodwill	Magy, 1979       Yorkshire Bisenits Limited       1.8         November, 1979       Cordon Bieu Freezer-Food Centres Limited       2.6         March, 1980       Margan Edwards Limited       4.1         October, 1980       66 Freezer Fare stores       1.5         February, 1981       Oriel Foods Limited       19.5	Charjered Accountains
Goodwill represents the excess of the purchase consideration and acquisition expanses of the subsidiaries and businesses acquired over the fair values attributed to the related pet assets at the dates of acquisition. Goodwill is carried forward imamortised, unless the directors are of the opinion that there has been a permanent diminution.	Polymery, 1981. Oriel Foods Limited  The principal trading subsidiaries of Oriel Foods Limited at that time were:  Mojo Carryway Limited.	APPENDIXII  ACCOUNTANTS REPORT ON THE ALLIED GROUP
in value. Fixed assets	Snowking Frozen Foods Limited	The following is a copy of a report on the Allied group received from Price Weisthburg, Charlend
Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided to write off the cost of the assets over their estimated economic lives on a straight-line basis. The current annual depreciation rates used are as follows:	Liverpool Central Oil Company Limited Gold Crown Foods Limited Jamesry, 1983 67 Pricerite stores 3.0	The Directors, Argyll Foods FLC, S2 London Bridge Street, London SEI 9SY.
Freehold and long leasehold buildings	In view of the substantial changes which have taken place in the former Argyll group and to its subsidiaries subsequent to their arquisition during the five year period covered by this report, it is not considered meaningful to covered by the report, it is not considered meaningful.	The Directors. Samuel Mantagn & Co. Limited.
Motor vehicles 25%	comparison of the group in the year to 27th March, 1982, with the preceding 15 month period, the table below summarises on a pro forms basis turnover and trading profit before group expenses of the individual entities now comprising part of the former Argyll group as if they had been members of the group throughout the fifteen month, period. The financial information included below has been extracted from the suchted excounts of the individual	4th June, 1962
Stocks are stated at the lower of first-in, first-out cost and not realisable value. The cost of manufactured groducts includes an appropriate proportion of manufacturing overheads.  A costs held for only	comprising part of the former Argyll group as if they had been members of the group throughout the intern mount, period. The financial information included below has been extracted from the studied accounts of the individual companies on a time apparticument besis, and excludes exceptional and extracedinary items and interest. In preparing this analysis, no account has been taken of the turnover and trading profit of Freezer Fare and Pricerite.	Gentlemen.  We have examined the amilied financial statements of Allied Suppliers Limited ("Allied") and its sub- eidiaries (transher the "Allied group") for the five accounting periods ended 3rd Amil, 1932. These financial
Assets held for sale in respect of discontinued activities or those surplus to the requirements of the continuing activities are included in current assets at the lower of their net book value and estimated net regulable value.	- preparing this analysis, no account has been taken of the turnover and trading profit of Freezer is no and Frickule stores prior to their acquisition, as comparable trading information on these is not available.  Profeser beforeacted as the store prior color production on these is not available.  25 nouth period color as the store prior to their acquisition on these is not available.	Genigines.  We have examined the audited financial statements of Allied Suppliers Limited ("Allied") and its subsidiaries (together the "Allied group") for the five accounting periods ended 3rd Amil, 1932. These financial statements were prepared under the historical cost convention as modified by the revaluation of certain land and building. The principal operating subsidiaries in the Allied group are set out in note (xiv) in paragraph 4 of this report.
Turnover represents sales to external customers less returns and allowances and is exclusive of value	15 nonth pariod evided. 28th March, 1881 Deding profit before group	of this report.  Throughout the period covered by this report. Allied was a wholly owned subsidiary of Allied Suppliers  (Holdings) Limited ("Allied (Holdings")") which itself is a wholly owned subsidiary of Generalo Occidentale, a company incorporated in France. We have been suditors of all companies in the Allied group for all periods
added tox.  Foreign currency items  Transactions in foreign currencies are translated into starting at the rates of exchange current at the dates.	Tancoer expenses	relevant to this report.
of the transactions. Foreign currency items in the balance sheets are translated into sterling at the rates of exchange ruling at the end of the petiods. Resulting exchange gains and losses are reflected in the consolidated profit and loss accounts.	Edible oil refining 22,361 1,419	in our opinion, the maintain mormanous set outpeaks, which has been required the modified historical cost convention, a true and fair view of the state of affairs of the Allied group at 3rd April, 1982 and of the punits and, source and application of funds of the Allied group for the five periods then ended.
Transion	-groony retail and wholesele 2,985 -freeze combres 45,323 1,135 270,524 6,280	No audited financial statements for any of the companies in the Allied group have been prepared in respect of any period since 3rd April, 1982.
Deferred taxation is provided, using the liability method, in respect of tax allowances for fixed assets to excess of depreciation provided in the accounts and other timing differences except to the extent that the directors are satisfied that the tax benefits resulting from these timing differences will continue in the foreseeable future.	Solvativies whose assets or results are now considered to be material to the former Argyll group are:	T. CONSOLIDATED PROFIT AND LOSS ACCOUNTS
(ii) Trading profit/floss) after group expenses  Trading profit/floss; after group expenses for the former Argyll group has been determined after charging	Company Business Date of interpretation capital &	The table below summarises the results of the Allied group for the five accounting periods ended 3rd April,
(creating) the tollowing tiems:  Is most the period period period ended.  Sufficiently, 38th March, 27th March,	Oriel Foods Limited Sub-holding company 6th February, 1969 1,379,407  Argyll Foods (Properties) Limited Sub-holding company 20th November, 1919 3,442,692  Morgan Edwards Limited Sub-holding company 26th March, 1968 334,286	(i) the results of the Allied group as published have been adjusted so as to include the results of  Moores-Wrights Group Limited ("Moores-Wrights") and its subsidiaries (together the "Moores-Wrights group") for the entire five year period, because the Moores-Wrights group was acquired for shares and
1977 1978 1979 1981 1982 £7000 £7000 £7000 £7000 £7000	Argyll Quality Foods Limited Biscuit and cake mamfacturer 15th April, 1858 522,000 Yorkshire Biscuit Limited Biscuit manufacturer 14th September, 1971 18,000 Furniss & Co., Limited Biscuit and confectionary manufacturer 17th July, 1886 240,000	was managed by Allied throughout that period;  (ii) the profits before translated Alliance Property Holdings Limited ("Alliance") and its subsidigates (ingether "the Alliance group"), and Argyle Securities Limited ("Argyle Securities") and its subsidiance of the Alliance group").
Depreciation 112 156 266 1,361 2,809 Profit on sale of fixed assets (79) (13) (12) (145) (36)	Paterson's Scottish Shortlered Limited Biscuit manufacturer 23rd November, 1935 37,849 Purdy Cakes Limited Cakes manufacturer 20th January, 1964 40,400	(logginer the Argyle Securities group ) same acquiration by Antec, which are manual when produce we transition, have also been separately identified at the foot of the table. These groups were acquired by Allied.
The profit on sale of a trading property of F535.000 arising in the 52 week period ended 27th March; 1982, shown as an exceptional item; crose on the sale for development purposes of a property previously used in the trade of the former Argyll group.	Tiverpool Central Oil Company Ltd. Edible oil refiner 27th September, 1904 244,000 (Cordon Blon Freezer-Food Centres Ltd. Frozen food retailer 14th April, 1964 158,193	accordingly it has not been considered appropriate to include in the trible the profes of these groups prior to their according by Allied.
(iii) Net interest expense  Net interest expense for the former Arovil troum commisses:	Snowking Frozen Foods Limited Frozen food wholeseler 18th October, 1961 30,000 Lo-Cost Stores Limited Groceny retailer 14th April, 1924 109,848 Edwards Meats Limited Fresh meat retailer 24th May, 1963 10,000	Notes   Periods ended on or about 31st Murft, 1962   1978   1980   1981   1962   1980   1981   1962   1980   1981   1962   1983   1984   1985   198
Terra ended on or about middle ended.	Mojo Carryway-Limited. Cash and carry wholesaler 9th February, 1967. 350,975  The table set out above includes the former Arryll group's principal subsidiaries, all of which are wholly	Threaver: 166,677 202,624 267,608 276,142 484,969 Presto division 368,737 366,330 379,515 404,804 411,760
1977 1978 1979 1381 1982 £100 £100 £100 £100 £100 £	The table set out above includes the former Argyll group's mincipal subsidiaries, all of which are wholly owned. All subsidiaries are incorporated in England, with the exception of Argyll Quality Foods Limited and Paterson's Scattles Sparthread Limited which are incorporated in Scattered.  (xiv) Restatement of accounts at 31st December, 1979	526,414 568,854 647,123 780,946 846,729
Bank loans repayable 1996/88 253 931 Other bank loans and overdrafts 82 110 105 279 32 Interest income on bank balances and cash (476)	The consolidated statement of source and application of funds for the year ended 31st December, 1979 given in this report has been restated on the basis that the effective date of acquisition of a subsidiary, Margan Edwards Limited, was 20th March; 1980 and not 31st December, 1979, as originally shown in the accounts to 31st December.	Betailing 9,575 7,178 9,701 10,230 11,525 Property income and disposals:
82 110 105 532 487	1979. Consequently, the reference to the accounting treatment of the acquisition of this subsidiary in the report of the anditors in the published accounts of the former Argyll group for the year ended 31st December, 1979 is not	Profit on sale of surplus trade properties and on supermarket developments 909 4,407 3,510 3,976 2,470
(iv) Taxation credit/(charge) for the former Argyll group comprises:  15 month 52 zook period period	repeated in this report.  The turnover and operating profit of Morgan Edwards Limited for the three month period ended 28th March, 1980 are not included in the consulidated profit and loss account for the fifteen month period ended 28th.	Profit on sale of non-trade properties and non-recurring profits (87) (86) 436 468 (40)
Tent's ended an or apart ended ended a contest and ended a contest and ended a contest are a contest and ended a contest are a contest and ended a contest a contest a contest a contest a	March, 1981 given in this report.  6. CUBRENT COST ACCOUNTS  The tables below set out the consolidated current cost balance sheet of the Sumer Argyll group at 27th	Net interest receivable/(psyable) (ii) 1.212 1.803 2.050 (184) 870
United Kingdom curporation text at 52% (98) 172 (389)	March, 1983, and the consolidated current cost profit and loss accounts for the two accounting periods then ended:  15 month: 62 week period.  period.	11,409 13,023 17,434 15,318 15,175  Net profit on sale and leaseback of certain properties 2202 — 1,490 — 498
Unrelieved advance corporation tax written off	Foles St. March, 27th March, 1881 1882	Profit before taration 13,611 13,028 18,924 15,918 15,668
In the 52 week period ended 27th March, 1982, the texation charge has been reduced by the tex benefit	(a) Consolidated current cost profit and loss accounts £000 £000 £000 £000 £000 £000 £000 £0	Taxastion (charge)/credit
In the 52 week period ended 27th March, 1982, the taxation charge has been reduced by the tax benefit of stock relief of £1,028,000 and deferred taxation not provided of £2,633,000. In the year ended 31st December, 1979 and the 15 mouth period ended 28th March, 1981, the taxation charge was eliminated by the tax benefit of stock relief and by deferred taxation not provided during those periods, and by tax besses carried forward from previous years. Because of the effect of the significant acquisitions during the course of these periods, the	Historical cost profit before taxation and interest, after group expanses 2,131 7,047 Historical cost profit on sale of a trading property 533 Current cost operating adjustments (ii) (745) (2,050)	Minority interest (v) 635 550 (15) (28)  Extraordinary items (v) 635 550 19,443 15,237 15,643
amounts involved are not determinants.	Convent cost operating profit   1,886   5,626     Interest expense   (532)   (467)     Gearing sejustment   (11)   292   640     Convent cost profit before taxalion   1,146   5,679	Dividends (18,301) (20,840) (17,001) (20,968) (27,000)
(v) Extraordinary items Extraordinary items for the former Argyll group comprise:  15 month 52 seek period period	Tayahan	Earningspershare (vi) \$2.0p 57.4p 64.4p 45.5p 41.4p
Years briled on or about ended ended ended ended ended ended to the first transfer to the first transfer to the first transfer tr	Current cust profit before extraordinary items 1,146 4,992 Extraordinary items 1,147	Retail trading profit is stated after charging.
Net costs relating to offse for Linfood Holdings Limited which did not proceed	Company and reducined extrained	Charging:  Management charges paid to  Allied (Holdings) 666 848 1,310 1,450 1,600  Depreciation 2,796 3,458 4,107 5,305 6,290
Net costs relating to discontinued activities (750) (873) (111)  Taxation relief on extraordinary items 178 300	Transfer to capital redemption reserve	Profit before tastation includes the following profits:  The Alliance group since acquisition
(572) (373) (111) (1,147)	Revenue reserves at end of period. 147 · 2.506 · Current cost earnings per share. (iv) 3.7p · 11.7p	The Alliance group since acquisition
(vi) Earnings/(loss) per share  Earnings/(loss) per share for each period are based on profits or losses attributable to the ordinary share- labeless, being profits or losses after transition and before extraordinary items less dividends on convertible practicages.	(b) Consolidated current cost balance shout 27th March, 1963	2. CONSOLIDATED BALANCE SHEET
incident, being profits or losses after taration and before extraordinary items less dividends on convertible preference shares where these are applicable, and the weighted average number of ordinary shares in issue during the period. Earnings/(loss) per share have been adjusted for changes in the issued share capital.  The issue of convertible preference shares and options under The Argvil Executive Share Option Scheme has not resulted in a material dilution of earnings per shane during any period.		Assets employed: \$7000 \$7000  Fixed assets
(vii) Rised assets Fixed assets at 27th March, 1982 committee	Current assets:	Goodwill 250 Premium on debt (viii) 1,339 Property specis held for sale (0) 2,601
Accommission Ref book Coal depreciation value 2700 2700 £200	Gesh 997 36,903	Current sesses:
Former Argyil groups	Less Current Habifities Corporation tex Creditors Creditors Dividents 947	Stocks Debtors Property assets held for sale Not amount due from Generale Occidentale group companies  27,171
Freehold     7,739     337     7,002       Long leasehold     1,653     69     1,644       Short leasehold     3,188     564     2,634       Plant equipment and vehicles     25,500     11,407     14,093	Dividends 947 Bank overdrafts (secured) 30	14,319
. 38,020 12,367 25,652	Natourent Salatities (4,580)	Less: Current liabilities: Creditors and provisions
Argyll: Plant, equipment and vehicles 200 98 202	Financed by:	Loan capital repsyable within one year (2) 4,526 Thration 967
(viii) Share capital The share capital of Argyll at 27th March, 1982 comprises:  Anthorise  Anthorise  Number of Num	Share capital 5,249 Share capital 5,249 Share premium 12,223 Capital redemption reserve 33	27,000 140,828
Number of Nominal Humber of Francisch E 2000 Ordinary abares of 10p each 55,000,000 5,500 42,104,692 4,211 S per cent. convertible redecumble cumulative preference	Revenue reserve 2,506 Current cost reserve (vi) 9,326	Net current Imbilities (6,563)
8 per cent convertible redeemable cumulative preference shares of £1 each 4,68,048 4,688 1,037,768 1,038 Unclassified shares of 10p each 319,520 32	Deferred terretion 29,340 499 Deferred purchase consideration 300	Financed by: Shareholders' funds:
10,000 5,249	Benk loans (secured) 6,000	Share capital Share premium 41,556 Revenue recerves 6,246
(ix) Deferred texation  Deferred texation provided in the beleace sheet of the former Argyll group at 27th March, 1982 and the total potential liability at that date, including the amounts provided, comprises:	to a second seco	[10sn carries] 66/720
Potential liability Provided	It is a second a second the second to the se	Provision for unfunded pensions (7) 35,957 Street (7) 35,957 Street (7) 35,957 A7
Stockrelief 2000 2000 Stockrelief 688 688 Tax allowances in excess of recorded depositation 6,763 85 Other timing differences	surplus before interest and toucling arising from the ordinary activities of the business. It is determined after allowing for the impact of price changes on the pet operating seets (fixed assets, stocks and monetary working cantial) needed to maintain the operations constitute of the formation and monetary working	105,057
Other timing differences (352) (284) Capital gains deferred by rull-over relief (530) The effect of unutilized loses available for carry forward (2.309)	described in note [ii].	3. CONSOLIDATED STATEMENTS OF SOURCE AND APPLICATION OF FUNDS  The table below includes the Mooner-Wrights group as part of the Allied group for the entire five year
Advance corporation tex recoverable (611) 4309 489	Corresponding amounts for the previous period are shown in values relating to that period, without further adjustment.  The current cost accounts can only give an approximate indication of the effects of inflation on the former	The table below includes the Moores-Wrights group as part of the Allied group for the entire five year period. The effects of acquisitious (excluding the acquisition by Allied of the Moores-Wrights group) and disposals during the five years are shown below.  Notes  Periods redefine or closed West Moores.
(x) Bank loans	The current cost accounts can only give an approximate indication of the effects of inflation on the former Argyll group, and may show significant fundations from one period to the next.  (ii) Current cost operating adjustments These comparise:  **These comparise:  **These comparise:	
£5,000,000. The loans are for a period of seven years from 6th February, 1981, with three repayments each of £2,000,000 due on the fifth, sixth and seventh amiversaries of drawdown, interest on the loans is based on a rate of 1/4 per cent, over the London Interbank Offered Rate.	period ended period ended 20th March, 27th March, Notes 1917	Profit before terration 13,611 13,023 13,924 15,318 15,668 Extraordinary items before terration 622 550
(xi) Acquisition and sale of subsidiaries  The effects on the consultdated statements of source and smiliculture of finals of the provisition and sale of	em em	Depreciation 2,796 3,458 4,107 5,305 6,230 Write-off of premium on debt 28 83
talifidieries are:  E ments 62 med:  Period period period ended  Sist December: 28th March, 27th March.	Mondary working capital (c) (536) (1,601) Losson selectificad seets (d) 132 429	17,029 17,031 23,031 20,551 22,041  Issue of share capital 12,361 23,228  Movement on minority interest 7
1977 III.6 IB19 1981 1982	745 2,054	Disposal of fixed assets and of assets held for sale:
Freed assets 2000 £000 £000 £000 £000 £000 £000 £00	(a) Depreciation of instanent:  This represents the difference between depreciation calculated on the chaing fixed seest balance sheet values for current cost accounts purposes and depreciation charged in the historical cost accounts. It has been	Trade properties and other fixed    100
*Convent sealer	This represents the difference between depreciation calculated on the chaing fixed saget balance sheet values for current cost accounts purposes and depreciation charged in the historical cost accounts. It has been calculated by a polying the former Argyll groups around rates of depreciation to the estimated current cost of the assets employed. The estimated current cost has been arrived at by using relavant indices profitshed by the Central Statistical Office which reflect the changes in imput prices emperatured by the former Argyll group.  Asset lives were reviewed by the directors upon the introduction of current cost accounting and the lives used for the historical cost accounts were considered to be appropriate.	Torsian and amount of the second of the seco
Debtors	Asset lives were reviewed by the directors upon the introduction of current cost accounting and the lives used for the historical cost accounts were considered to be appropriate.	Other lean carried 443 1,975 461 3,533 1,883 Other lean carried 77,881 8,961
— 23 5,915 — — 2,377 38,836 (169)	(b) Cost of sales of justinest:  This represents the difference between the historical cost of purchase or manufacture of gards sold and the estimated convent cost of those goods at the time of sale. It has been computed by applying the averaging method.	Working equital decrease (xii) 8,882 3,185 7,305 4,972 Total source of fands 32,445 27,831 70,717 65,688 39,913

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ARGYLL FOODS PLC	(x) Leancapital SalApril, 1962 1962	New military shares in Argyll issued as part of the consideration are stated at their monitol valuate deter- infining the monitorial because the continued new Argyll group. The distributable revenue reserves of the combined new Argyll groups the continued agree of the distributable revenue reserving around a few Alfield groups.
ARRELL FOCUS FIG. Continued.  Application of funds: Framum up debt straing on	Alfiel: - Unsecured Jean Stocks - 1982/87 - 1982/87 - 6 3,148 - 2,172	(vii) Lonnespilal Strikisz prins   Sign   1009   Sign   200
acomistion of Arryle Securities — 1,500 — 1,50	Henk loan (unsecured) 1962/87 variable 10,000 Lesse loan capital 8,296 22,613	Allief group 35.0 35.0  New term loans required to finance the cash element of the purchase consideration and the estimated expenses (see paragraph 6 below) 24.1 9.8  65.1 50.9
Nontrade properties	Secured local stocks 1984/89 1986/91 1992/97 94 3,823	4. COMBINED STATEMENTS OF TURNOVER AND TRADING PROFITS  During the five accounting periods coded on or about 31st March, 1982 there have been significant changes in the financial structure and constituent parts of both the former Argyll group and the Allied group, and there
Companies   8,350 (12.774) (3,685) 23,780 (5,060)   Working capital increase   (5ii)   27,301 25,840 16,569 7,400   7,400	12 8,183 Bank loan (unsecured) 1985/86 500 39,582	have also been very substantial levels of dividends distributed by Alifed with consequential material effects on interest received and peid. Accordingly it has not been considered informative to present a five year summary of the pro forms profits before and after taxation, and exprings per share, of the combined new Argyll group.
Increase/decrease)In bank balances 3,469 (4,224) 4,828 (640) 5,245  Effects of acquisitions and disposals: (xiv) Source of funds:	Less Amondaire syable within one year or on densered.  4525 35,067  Less capital by year of regardment:  3rd April 1983 3rd other	The table below therefore analyses turnover and trading profits of the former Argyll group and the Allied group, and excludes independ an excludes those property profits which have either been disclosed as exactplicated in the accounts of the two groups, or which relate to the sale of non-trading properties or which are otherwise of a non-recurring maters.  The results of the former Argyll group, as analysed in puragraph 1 of Appendix I, have been adjusted to
Extraordinary items before trustion		The results of the former Argyll group, as analysed in puragraph 1 of Appendix I, have been adjusted to yoursended on or about 31st March, Results of subsidiaries of the former Argyll group and of the Allied group (other than the Moores-Wright group) are accounted for as from their effective delay of acquisition.    Year ended on or about 31st March, 1880   1882   1879   1880   1882   1879   1882   1879   1882   1879   1882   1879   1882   1879   1870
Taxation and group relief	8,708 26,357 35,057	Turnoven: Former Argyll group Food manufacturing
Application of funds: Premium on debt srising on acquisition of Argyle Securities Purchase of fixed sagets and of essets held for sale:	(xi) Provision for unfunded pensions is maintained to meet Allied's commitment to certain employees in respect of service prior to their perticipation in Allied's pension arrangements. Allied credits interest annually to this provision in according to the an actuarial recommendation (see note (ii) above).	-groom y retail and wholesels 10.5 10.2 8.6 46.3 142.9 128 36.3 48.4 Discontinued activities 9.5 9.3 6.4 - 20.0 19.5 30.0 90.6 229.8
Trade properties and other finad essets  Non-trade properties  Generale Condentale group  companies  3398	(xii) Working capital movements within the cossolidated statements of source and application of funds are 2s follows:  Periode entailess or obset 21st More, 1993 1980 1981 1982	Allied group Presto division 1667 2025 267.6 376.1 485.0 Lightnesdivision 359.7 366.3 379.5 404.8 411.8
Working capital increase         9,104         2,029           Total application of funds         3,398         35,955         7,300           Increase/(decrease) in bank balances         304         (5,033)         24,462	Stocks	NewArgilgroup         5264         588.8         647.1         780.9         846.8           NewArgilgroup         546.4         588.3         677.1         871.5         1,076.5
4 NOTES TO THE FINANCIAL STATEMENTS  (D) Accounting policies	Connect translation differences. (51) (23) (199) (2) — (Increase) decrease in working capital 8,082 3,185 7,305 (907) 4,972 (All) Connect cost accounts	Former Argyll group  Rood manufacturing — 0.4 0.6 1.5  Rabble oil refining — 0.1 0.6  Rood distribution
Basis of consolidation  The consolidation comprises Allied and all its subsidiance. With regard to exquisitions and disposels, the consolidation profit and loss recount includes (except as regards the Moores Wrights group) only that proportion of the results of companies acquired arking since effective defeed control or, in the case of companies or interests disposed of, for the period of ownership.	As Allied is a wholly owned subsidiary of another U.K. company, no carrent cost information under Statement of Standard Accounting Practice Number 16 has been prepared for the Allied group.  (riv) Principal subsidiary companies and changes in group structure Subsidiary companies whose exacts and results are considered to be material to the Allied group are set out below. All are wholly comed, with the exception of Delitedean Limited which is 51 per cent, held, and all are	Discontinued scivilies
Goodwill  The excess of consideration paid over the values attributed to not tangible assets acquired is written of in. the year of acquisition except where goodwill in already included in the accounts of the company common see a result of acquisitions made by that company. Where recognisation of ready acquired businesses is necessary, provisions are set up at acquisition to meet the estimated cost of reorganisation, including trading lesses of	Campusy Business Date of incorporation Institutional Land Argyle Securities Limited Holding company 15th May, 1988 5,717,333	0.2 (0.2) 0.7 1.8 7.0
operations arbeinted for closure, after taking into account anticipated taxation relief.  Deferred function.  Deferred function is provided at current rates of by on timing differences only where it is cancered fine a	Allied Suppliers (Oversees) Limited Food retailing 3rd October, 1924 15,000 Rederated Properties Limited Property belding 19th July, 1939 300,000 Edwin Gowers & Son Limited Rood retailing 13th July, 1935 393,650 Moores Streen Limited Food retailing 24th May, 1935 5,899,532	Profit on sale of surplus trade properties and on supermarket developments. 0.9 44 3.9 4.0 2.5 Bental income less expenses (0.1) (0.4) 0.4 0.5 (0.1)
taustion liability may arise in the invesceable future.  Fixed assets  Fixed assets are visited at cost or 1972 valuation. Plant, machinery and equipment which are leased but provide the group with substantially all the barefits and risks of ownership are capitalised at the original cost to the leaser.	Alliance Property Holdings Limited Holding company 2nd June, 1967 2,726,406 Alliance Property Company Limited Property investment 4th March, 1933 6,037,875 Delianteen Limited Food retailing 19th October, 1979 10,000  The Allied group made the following significant acquisitions and disposals during the first accounting	Combined trading profits before interest and before certain property profits, smounting in 1982 to £1.4 million, which are either disclosed.
Depreciation is provided on a straight line basis and is calculated from the date of original purchase, lease or subsequent valuation. The book amounts of fixed assets are written off over their estimated useful lives. With effect from 2nd April, 1978, provision has been made for depreciation on freehold and long leasehold buildings.  Depreciation is not provided on land, or on freehold and long leasehold buildings held for sale.	periods ended 3rd April, 1982— (a) With effect from the 2rd April, 1977 Allied sold its food manufacturing subsidiary TW Beach Limited to Cavenhum Limited (since renamed Allied (Holdings)) for £2.6 million: (b) On 12th June, 1979 Allied acquired the Alliance group, a property investment group with quoted loan stocks, from Cavenhum Limited for £12.36 million, the consideration being satisfied by the issue of	properties or are otherwise of n non-recurring nature 10.4 11.0 14.7 16.5 20.9  5. PRO FORMA PROFIT
Leavehold buildings - life not exceeding the shorter of residual life of leave or 100 years. The samples on	4,550,000 ordinary shares of Allied.  (c) In January, 1980 Allied acquired the Caters supermarkets division of Debenhaus Limited for a cash consideration of £8.6 million.	The pro forms statement of summ) profit of the combined new Arryll group set out below is based on a combination of the trading profit of the former Arryll group and of the Allied group for the year to end March, 1983, for set out in programm A charged to address the combinate the me forms profit of the combined new Arryll group that
revaluation of less shall properties with a rent review clause is written off over the period to the next rent review date.  Fixtures, plant and equipment—lives of between 4 and 15 years.  Profits arising on sale and less shall be properties developed as supermarkets are included in trading	(d) On list December, 1980, Allied acquired the Moores-Wrights group, a supermarket group, from Allied (Holdings) for £13.65 million, the consideration being satisfied by the issue of 3,960,272 ordinary shares of Allied of which £16,803 shares were not issued until September, 1981.  (a) On 1st December, 1980, Allied acquired the Argyle Securities group from Argyle Securities (Holdings) Limited, which is wholly owned by Allied (Holdings), for £23.22 million, the consideration, being	rould have applied had Allied been part of the Argyll group during the period, adjustments have been made, in addition to the exclusion of certain property profits, to reflect the change of ownership and to deduct notional, interest psyable on the new term leans required to finance part of the consideration.  For illustration purposes, the effects of striking prices of 85p and 100p are shown. The effect on earnings per shows of the different levels of borrowings required to make up the halance of the purchase consideration for the Allied group, following other possible proceeds from the Offer for Sale, is shown in paragraph 6.
profit, within "Property income and disposals."  Property assets held for sale comprise properties not employed in mainstream activities and which are held for discosal in the future. Where contracts have been signed for the disposal of these assets unfor to the latest.	estisfied by the issue of 6,739,118 ordinary aboves of Allied. When acquired, Argyle Securities owned Joud assets and had quoted from stocks. Upon acquisition by Allied, Argyle Securities required the principal retail property subsidiary of Allied. Dividends of £1,441,000 in the 52 weeks ended 28th. March, 1931, recarable by Argyle Securities from that subsidiary, here not been included in the profits before taustion shown for Argyle Securities in the table of consolidated profit and loss accounts.	Profit before insuling of combined new Argell group (pro ferrile price)  Striking price
practicable date before finalising the accounts, the assets have been included in current assets at the lower of net book amounts and net sales proceeds.  Stock optimizes Stocks, which comprise goods for resale, are stated at the lower of cost and net realisable value. For branch stocks, cost is calculated by reference to selling price less appropriate trading margins, for all other stocks, cost	Yours faithfully. PRICE WATERHOUSE Chartered Accountants.  APPENDIX III	Combined trading profit of the new Argyll group (see paragraph 4 above).  Net interest inborne/(expense):  Argyll (see paragraph 1 of Appendix I).  Allied (see paragraph 1 of Appendix II).  Allied (see paragraph 1 of Appendix II).  O.9  O.9
is determined on the basis of first in first out.  Foreign currencies  Not tangible useds and results of overseas companies are expressed in starting at the rates of enchange ruling at the year end, Exchange differences arising on the translation of foreign currency assets and liabilities	PRO FORMA FINANCIAL INFORMATION ON THE NEW ARGYLL GROUP  LINIRODUCTION  The pro forms not assets and profit of the combined new Argyll group are set out in paragraphs 3 and 5  below respectively. In view of the relative contributions by Argyll and Allied to not assets and profit of the combined	Allied (see paragraph 1 of Appendix II)  Proforms adjustments:  Add: Generale Occidentale group management charge deducted from Allied's profit in respect of expenses which it is estimated will not continue following the acquisition by Argyll (total charge of £1.5 million, less £0.3 million of continuing
are dealf with through reserves.  Pensions  A pension scheme covering the majority of employees of the Allied group is operated by Allied.  [Holdings] Current contributions to pension funds are charged against profits as payments are due, The assets	group in the context of the Offer for Sale of shares in the salarged undertaking, the pro forms information set out in this Appendix combines the amounts included in the existing accounts of each company. For the purposes of illustration, the tables in paragraphs 2 and 5 indicate the effects on not assets, profit and earnings per share of striking prices for the 35 million new ordinary shares of Argyll at both the minimum of 35p and the maximum of 100p per share.	terpenses) (see paragraph 1 of Appendix II)  Lear Notional interest on that element of Allied's 1981/62 dividend of £27.0 million relating to prior years profits, impounding to £11.7 million, at an assumed interest rate of 15 per cent. (see paragraph 1 of Appendix II)  (1.7)
of the scheme are held completely independently of Allied's forances and the scheme was fully funded at the most recent actuarial valuation at let April, 1980.  Turnover represents sales to third parties excluding value added tax.	Year to seed Manch, 1982 refers respectively to the fifty two week people ended 27th March, 1982 for the former Argell group and the fifty three week period ended 3rd April, 1982 for the Allied group.  2. CONSIDERATION  The consideration payable to Allied (Holdings) will amount to £101.2 million. In addition, interest will be	Proferms profit before interest on new term loans
(ii) Not interest receivable/(payable)    Pariods endel on or about March   1962   1973   1990   1982   1962	payable on this consideration at a rate of approximately 14 per cent, per anomn in respect of the period 16th April, 1982 to the date of 16th June, 1982, this interest will amount to approximately £2.5 million. This figure, together with the profits arising after the respective balance when distentially a below.	Proforms profit before taxation 17.3 19.4  Less: Actual taxcharge (see note (iii) below) (2.0)  Proforms profit after taxation of the new Argyll group 15.3 17.4
Third parties 464 213 533 1,070 948 Generale Occidentale group companies 1,552 2,456 3,979 2,640 4,948 2,016 2,669 4,512 3,710 5,896	Prior to the exchange of contracts for the purchase of Allied by Argyll, Allied distributed to Allied (Holdings) a dividend of 127.0 million, which was applied in part repayment of set amounts due from Generale Occidentale group companies.  The 95 million new ordinary shares are being allotted to Allied (Holdings), which is renouncing them to Semuel Montagu. Samuel Montagu is offering these shares for sale by tender to the public at a price of between a	Pro forms extra legs per share:  After actual tex charge (see note (iii) below)
Interest psychile:   Bank overdrafts and loans wholly repayable   47   166   328   578   1,075	minimum of 85p per abare and a maximum of 100p per abare. The gross cash proceeds of the Offer for Sale, which will therefore vary between £81 million and £35 million, will represent part estimated the consideration payable to Allied Holdings). The balance of the consideration of £101.2 million together with estimated expenses of £327 million will be financed by term loans, which will accordingly vary between £24 million and £10 million.	(i) The profit and earnings indicated above include a profit of £2.5 million arising from the sale of Allied's trade properties and from appearance developments, but exclude an exceptional profit of £0.5 million arising from the sale by Argyll of a trading property for development purposes, and exclude profits of £0.9 million arising from the sale of properties not employed in the trade of Allied and non-recurring property profits.
804 866 1,462 3,874 6,026 Net interest receivable/(psyable) 1,212 1,803 3,060 (164) 870	The table in pure cash 6 below summerises the effects of a range of striking prices of the new ordinary shares on the amount of the term leans, the interest thereon and the profit of the combined new Argyll group.  3. PRO FORMA NET ASSETS  The ancited belonce sheet of the former Argyll group (see paragraph 2 of Appendix I) and the audited belonce sheet of the former Argyll group (see paragraph 2 of Appendix I) and the audited belonce sheet of the Argyll group (see paragraph 2 of Appendix II).	(ii) Proforms annual interest on the new term loans to finance part of the cost of the acquisition of Allied has been calculated at an annual rate of 15 percent. No adjustment has been made in respect of the interest saved as a result of the recent sales of certain of Allied's properties which were not employed in its retail trade and from the proposed sale of forther properties to 'Allied's Holdings) for 23.6 million. These savings will be partially offset by rental income forfeited.
(iii) Taxasion (charge) (conjunists: Periods evided on trade of 1981 1982 1982 1980 1981 1982 1980 2000 2000 2000 2000	- combined new Argyli group, sue abown below:  Combined  Former Allied new Argyli group  Argyli group group (pro forme)	(iii) The actual tax charge had been estimated on the basis that the mainstream corporation tax charge on profit for the combined new Argyll group will be insignificant. Owing to excess tax allowances and losses brought forward, the directors of Argyll consider it unlikely that the new Argyll group will have any significant mainstream.  **Corporation for institute or a number of warm The actual tax charges the surplus of the corporation tax institutes.
United Kingdom corporation tax at 52% (3,171) 1,923 (55) (42)  Relief for overseas taxation (95) (73) (74) (42) (42) (42) (43) (44) (45) (45) (45) (46) (46) (47) (47) (47) (47) (47) (47) (47) (47	### 27th March   Striking prior   1983   1982   55p   100p     ### 25m	on dividends paid on the ordinary share capital and on the existing convertible preference share capital, assuming, for illustrative purposes, that ordinary dividends at the rate of 3.25p per share, being the rate paid on the former share capital in respect of the accounts for the 52 week period ended 27th March, 1982, had also been paid on the 95 million new ordinary shares being issued in conflection with the acquisition of Allied This advance corporation tax will be available to be offset against future mainstream corporation tax.
Prior period adjustments (5,162) 2,160 518 (66) 3  (5,162) 2,160 518 (66) 3	S1	(iv) The earnings per share shown above allow for the conversion of the convertible preference shares, but not for the exercise of the warrants. Assuming that the warrants are exercised in full, the earnings per share on the basis of an estimated actual tax charge would increase slightly, assuming an interest saving at 15 per cent, per amount on the subscription monies received.
Group relief received from another Generale	Stocks   27.7   80.1   107.8   107.8       Debtors   8.2   8.9   17.1   17.1     Not amount due from Generale Occidentale group (ii)   27.2   27.2     Property assets held for sale   (iv)   1.0   14.3   15.5   15.5	— 6.EFFECTS OF DIFFERING STRIKING PRICES  The table below sets out the effect of a range of striking prices for the new ordinary shares on the amount of new term leans and on the emmingaper share, after both an actual texcharge and a notional full texcharge Exprines per share have been deformined after allowing for the conversion of the convertible preference shares, but not for
Consideration   3,447   596   5,534   5,534   5,534   5,534   5,534   5,534   5,534   5,334	35.9 134.2 144.1 144.1	the warrants to subscribe for ordinary shares (see note (iv) of paragraph 5 above).  Striking price of new ordinary shares — 85p 90p 95p 100p (in multiples of 5p for illustration only) (minimum, striking striking price) price)
1,165 3,839 8,988 6,246 7,343  (iv) Deferred invation Long term deferred texation at 3rd April, 1982 calculated at current rates of tax, which is not provided,	Corporation tax	Proceeds from sale of 95 million new ordinary shares
comprises the following:  Accelerated tax depreciation 25,947	Neton rent Habilities (5.1) (6.6) (11.7) (11.7) (28.7 105.0 133.7 133.7	104.9 104.9 104.9 104.9  Proforms profit before taustion and interest on new term logos
Other timing differences (net). (539)  Losses available for relief (£22.4 million gross) (11,646)  Advanced emporation tax recoverable. (1,619)	Finance  by   Shareholders   Innie:   Shareholders   Innie:   Shareholders   Innie:   Shareholders   Innie:   Share premium	Cast referred to in paragraph 5 above)   20.9   2
On change of ownership of Allied from the Allied (Holdings) tax grouping, tax losses available for relief included above of approximately £3.3 million (£6.3 million gross) will be utilized, and the advance corporation tax recoverable of £1,6.9,000 will also cause to be available for set off against any future corporation bax liabilities.  (v) Extraordinary items	Revenue reserves 44 62 10.6 10.6 21.9 66.7 64.5 78.7 0.1 0.1 0.1	Less Actual bix charge (2.0) (2.0) (2.0) (2.0) (2.0)  Proforms profit after transition of the new Argyll group 15.3 16.0 16.7 17.4  Proforms entitings per share:
(v) Extraorumary mains    1978   Periods ended on or observed March   1982   19	Deferred texasion	After actual tax charge of 52% 11.0p 11.5p 12.0p 12.5p After notional full tax charge of 52% 6.0p 6.2p 6.5p 6.7p  7. LETTER RELATING TO THE PRO FORMA FINANCIAL INFORMATION
Net profit on disposal of subsidiaries and trade investments	Notes:  The proforms belouse sheet of the new Argyll group has been based our combination of the first two columns above but adjusted as indicated in certain of the notes below:	The directors of Argyll have received the following letter from Arthur Andersen & Co. relating to the proforms financial information on the new Argyll group:  The Directors.  Argyll Foods PLC,  Manchester M14ET.
(vi) Examings per share	(i) Fired assets  The fixed assets of the Allied group include properly of approximately £52 million, stated at cost or 1972 refraction, less depreciation. Details of the valuation of certain freehold and long less shold properties, which indicates a surplus of £15.9 million over book values, are set out in Appendix IV.  (ii) Nat amount due from Generale Oxidentale group	The Directors, Semuel Montagn & Co. Limited.  4th June, 1982  Gentlemen, The pro-forms financial information on the combined new Argyll group set out in paragraphs 3 to 6 of
Earnings per share for earn period, are basen upon the jacobs attributed as we share in some form of the weighted average number of ordinary shares in issue during the period. The weighted average number of shares in issue has been adjusted as appropriate so as to include for each period 3,960,272 ordinary shares issued in connection with the acquisition of the Moores Wrights group.	The not amount due from Generale Occidentale group has been eliminated to unfect its repayment in cash prior to the exchange of contracts for the acquisition of Allied (see note (iv) below).  (iii) Property assets held for sale Property assets held for sale comprise mainly properties which are not employed in the new Argyll group's rotall trade Property assets held for sale comprise mainly properties which are not employed in the new Argyll group's rotall trade Property assets held for sales for many in convent assets include properties with a book value of £3.2 million	Appendix III of the Offer for Sale by tander by Samuel Montagu & Co. Limited of 85,000,000 ordinary shares of 10p each of Argyll Foods PLC, dated 4th June, 1982, ("the Prospectus") has been derived from the relevant financial information on the former Argyll group, which has been reported on by ourselves, and on the Allied group, which has been reported on by Price Waterhouse, as contained in Appendices I and II respectively of the Prospectus, after making the adjustments described in paragraphs 3 to 6 of Appendix III.
(vii) Fixed assets At 3rd April, 1982 fixed assets conquises.  Net 7972 Accomplated book	rotall trade Property assets held five sale shown in current assets include properties with a book value of £3.2 million which, subject to certain conditions, will be sold to Allied (Holdings) for a sum of £3.6 million on completion of the exquisition of Allied.  (iv) Bank belonces and cash.	We have reviewed the adjustments made in preparing the combined financial information set out in thoseperagraphs and, in our opinion, such adjustments have been properly applied so as to reflect the effect of combining the two entities.
Cost technical distribution approximate temperature   2000   20	Romer Argyll group 1.0 Alfied group 1.43 Received from Generals Occidentals group in repayment of sums owing prior to contract (see nots (ii) above) being £272 million, less dividends paid of £270 million 0.2	Yours Satisfully, ARTHUR ANDERSEN & CO., Charterel Accountants. APPANDIX IV
100g (easterned   29.330   390   3.510   26.210	(v) Share capital  The share capital of Argyll has been adjusted to reflect the issue of the new ordinary shares, se set out in paragraph 1 of Appendix V.	ALLIED GROUP PROPERTY INFORMATION AND VALUATION  (a) Summary  The net book value of the Allied group's properties, stated at cost or 1972 valuation, less depreciation, et 3rd April, 1982 is summarised as follows:
67,929 — 22,720 45,209	······ (n) Capital 2000 (100 distributable)	Freehold and long leasehold properties, subject to valuation at 3rd April, 1982. (i) 15,925 Relevant improvements. (ii) 7,518 Freehold and long leasehold development properties. (iii) 12,930 State leaded to represent the properties of the propert
(viii) Premium on debt represents the curse of consideration paid over mainted value of larg term debt on the	Representation   1900   2011   2012   2013   2014   2015	
Premium on debt represents the excellent constituting amortised over the term of the debt.  (x) Share capital  The share capital of Allied at 3rd April, 1982 comprises:  Association of Allied at 3rd April, 1982 comprises:  Association of Allied at 3rd April, 1982 comprises:  Association of Allied at 3rd April, 1982 comprises:  Association of Allied at 3rd April, 1982 comprises:  Association of Allied at 3rd April, 1982 comprises:	Numinal anacomi of shares issued by Argyll  Cesh element of the consideration, at striking prices of 85p and 100p, together  with estimated expenses of the acquisition and Offer for Sele.  (3.5)  (3.5)  (3.5)  (3.5)	The net book value of the Allied group's properties at 3rd April 1982 is included in the consolidated belonce sheet of the Allied group in paragraph 2 of Appendix II under the following headings:  Signor Fixed assets (see note (vii) of paragraph 4 of Appendix II).  62.151
Ordinary shares of 500p each, issued and fully paid. 87,835,907 18,918 40,000,000 20,000	MULCIANOR SERVICE OF SEPTEMBER	Fixed assets (see note (vii) of paragraph 4 of Appendix II) 62,151  Property assets held for sale 2,601  Current assets property assets held for sale 68,498

(9.9) (19.4) 41.1



### ARGYLL FOODS PLC

(i) The freehold and long leasehold properties subject to valuation at 3rd April, 1982 have been valued for the most part by Clive Levis & Partners, Surveyors & Valuers, and the remainder have been valued by Mr. N. J. M. Spurier, Allied's property director. Such properties, details of the valuation of which are set out in the letter below, comprise some 566 individual properties used in the main for shopping purposes, located throughout the United Kingdom and ranging in size from small single shop units to large modern purpose built stores with, in addition, a number of warehouse and residential properties. Most of the properties are occupied by the Allied group for trailing purposes, but some which have cassed to be so occupied are held for sale of the Allied group for trailing purposes, but some which have cassed to be so occupied are held for sale of the Allied group for trailing building, as referred to in the letter below.

(iii) Relevant improvements represent the net book value of those improvements to promises which were valued to a shell building, as referred to in the letter below.

(iii) Freehold and long leasehold properties with a book cost of £12,990,000 are being developed.

(iv) Leasehold properties with an interpried term of less than fifty years which at 3rd April, 1982 had a net book value of £26,614,000 were, in accordance with the practice of the retail trade, not subject to valuation.

(v) Allied (Boldings) has contracted conditionally to purchase 17 properties from the Allied group for £3,634,665 thook value 25,185,990,000 arising on the freehold and long leasehold April, 1982 have not been adjusted to reflect the surplus of £15,999,000 arising on the freehold and long leasehold of April, 1982 have not been adjusted to reflect the surplus of £15,999,000 arising on the freehold and long leasehold operties subject to the valuation set out in the letter below. The surplus is stated before account is taken of any contingent liability to tax on capital gains thereon.

gains thereon.

(b) Letter concerning freehold and long leasehold properties of the Allied group

The directors of Argyll here received the following letter from Cirve Lewis & Partners, Surveyors & Valuers, in connection with the valuation of certain-freehold and long leasehold properties of the Allied group: 16 Stratton Street, London WIX 5FD. The Directors, Argyll Foods PLC,

The Directors.
Seronel Montagu & Co. Limited.

4th June, 1982

Dear Sirs,
Valuation of certain freehold and long leasehold properties owned by the Alfied group
In accordance with your instructions, we have considered the freshold and long leasehold properties listed
on the schedules recently furnished by Allied Suppliers Limited ("Allied") (copies of which we have returned to
you signed for identification) in order to advise you as to our opinion of their open market value in their existing

you signed for identification) is order to advise you as to our onimon of their open market value in their existing state as at 3rd April, 1982.

The majority of the properties are occupied by Allied and/or its absidiary companies (collectively described as the "Allied group") for trading purposes. In these cases we have valued on the basis of vacant possession. We have where instructed by Allied valued to a shell building, excluding relevant improvements by Allied (mainly properties build or acquired since 1972). Where however rent reviews take account of the benefit of tenants' improvements or where it has not been possible for Allied officials to segregate the amount expended on improvements, we have arrived at our opimon of value by including the benefit of such improvements existing at the date of our valuation. As regards 5 Presto supermarkets owned by an investment subsidiary of Allied and leased to another subsidiary, we have valued on the assumption that vacant possession would be available.

In cases of leased accommodation either forming part of a building partially occupied by the Allied group or held on the same lease document, the value attributed to the accommodation is included in the estegony of properties shown below as being wholly or partly occupied by the Allied group. There are also service residential tenancies occupied by current employees of the Allied group where it has been assumed that vacant possession would be available if the related commercial accommodation were vacated. However, self-contained residential units occupied by third parties have been valued as investments at current market value taking into account the terms of the relevant tenancies. There are in addition a number of commercial properties entirely sub-let to third parties which have been valued taking into account the tenancies upon which they are let.

We have not reinspected the properties but noted during the course of inspection in 1981, in connection with an earlier valuation, the general state of repair of ea

sum of 226,923,000.

We have also considered the valuation review of some 137 properties which was prepared for Allied by its property director, Mr. N. J. M. Spurrier, which disclosed a value of 25,901,000. We have not inspected these properties but they are broadly similar to those we have valued and, on the information made available to us, we consider that the valuation has been prepared in accordance with standard valuation methods and with

due care.

We set out below a table of the aggregate of our valuation and the internal valuation review (for which Allied is responsible) which aggregate is in the sum of £32,824,000. The apportionment of the book values as reflected in the accounts of the Allied group at 3rd April, 1982 and of the valuation sums relating thereto into hands of sales square footage has been prepared by officials of Allied.

	Number		Valuation.		Book
		Properties wholly or partly occupied by the Allied group	Properties not complete by the Allied group	Total	
CLTL/OWN		£7000	€7003	£'000	£'000
Freehold—Sales area:					
Under 3,999 sq. ft.	199	8,003		8,003	3,325
4,000-7,999 sq. ft.	13	2,148		2,148	1,318
4,000-7,999 sq. ft. 8,000-17,999 sq. ft. 18,000 sq. ft. and over	10	4,814		4,814	2,995
18,000 sq. ft. and over.	8	2,273		2.375	1,514
Offices and warehouses	8	867		867	668
Properties not occupied by the Allied group	· 74	_	1.805	1,805	1,050
easehold with more than 50 years unexpired—					
Under 3,999 sq. ft. 4,000-7,999 sq. ft. 8,000-17,999 sq. ft. 18,000 sq. ft. and over Offices and wavehouses.	133	3,238		3,238	1.614
4 000-7 999 eq. ft	43	2,789		2,789	
9 DDD-17 800 og 9-	26	4,048		4,048	1,357
19 Miles & and owner	43 28 10	1,582		1,583	942
Officer and recoherence	8	622	=	622	568
Properties not occupied by the Allied group	33	4	633	633	416
Triberous road overfloor 12 most tree Brook	566	30,386	2,438		16,925
	300	30,380	2,438	32,824	10,325
Valuation surplus				. 15,80	28
			Vo.	are faithfully.	
			CLASSI	EWIS & PART	NERS
APP	ENDIX V	,	A-107 4 7 1 27	C DE TON CONTRACTOR	

1 SHARE CAPITAL (a) Summary

The table below sets out the issues of shares for each and consideration other than each by Argyll since
1st March, 1980. The table also sets out the fully diluted share capital of Argyll following, inter alia, the issue of

STATUTORY AND GENERAL INFORMATION

Number of Number of ordinary shares of 10p each (except professors above as otherwise stated) of £1 each In issue on 1st March, 1980 (archiver-c shares of 5n each) Issued for the acquisition of Morgan Edwards Limited, with effect from 28th March, 1960, credited as fully said (plus premium of 529 per ordinary share of 5p each) (ordinary shares of 50 each) of which 33,969 ordinary shares and 7,793 convertible preference shares were issued after 4th June, 5.848.577 1.069.715 Issued for cash by way of rights on 10th October, 1980 at 54p per share in part to finance the cost of the acquisiton of Freezer Fare stores (ordinary shares 4.449.943 sued by way of capitalisation of reserves on 5th December, 1960 credited as fully paid (ordinary shares of 5p each), whereupon every 2 ordinary shares of 5p each were consolidated into one ordinary share of 10p 29,598,520 (29,598,520) Issued for cash by way of rights on 6th February, 1981 at 66p per share to finance part of the cost of the acquisition of Oriel. 12,459,842 Effect of exercise of conversion rights in respect of 31,952 convertible preference shares on 31st October, 1981; ordinary shares credited as fully paid plus premium of 59p per ordinary shares and convertible preference shares redeemed. 46,330 (31.952)42,104,692 In issue on 27th March, 1982. 1,037,763 To be issued for the acquisition of Allied credited as fully paid. 95,000,000 In issuesn'hsequeot to the acquisition of Allied.

Reserved for exercise of warrants (see paragraph 1(b) below).

Reserved for conversion of convertable preference shares (see paragraph I(c) below). 137,104,692 10,902,362 1,504,756 Reserved for exercise of options in issue under the Executive Share Option. Scheme (see paragraph 1(d) below) 1.140.000 Fully diluted ordinary share capital. 150.651.810 Authorised share capital, following the sequisition of Allied 170,000,000 4,468,048

In addition, there are 319,520 unclassified shares of 10p each which are a strising from the conversion of 31,952 conventible preference shares returned to above.

(i) Save as indicated above in the case of Argyll and in the circular dated 12th May, 1982 (which is available for inspection) in the case of subsidiaries and apart from share issues by companies whilst wholly owned subsidiaries of Argyll or Albed, no capital of any company in the former Argyll group or the Albed group has been issued within the last two years or is proposed to be issued fully or partly paid up for cash or otherwise.

(ii) Save as disclosed above and in relation to an option on Albed's holding of 51 per cent, of the issued share capital of Peltadean Limited (which option is not material in the context of the new Argyll group, there is no share capital of Argyll or any of its subsidiaries which is under option or agreed conditionally or unconditionally to be put under option at the date hereof.

(iii) Save as disclosed in paragraphs 6(ii), (viii), (xi) and (xv) below no commissions, discounts, brokerages or other special terms have been paid during the preceding two years or are payable in connection with the issue or sale of any share capital of any company in the new Argyll group.

(iv) No issue of Argyll shares, which is material to the total issued share capital of Argyll (other than to shareholders pro rate to existing holdings) will be made within one year from the date of this document, without the prior approval of Argyll in general meeting. No issue of shares, which would alter the control of Argyll, will be made without such prior approval.

At the close of business on 7th May, 1982, the last dealing day prior to the suspension, the middle market quotation of the ordinary shares, as indicated by The Stock Exchange Daily Official List, was 104p, cum the second interim dividend of 2.25p per share and the entitlement to the warrants referred to in paragraph (b) below. strising from the conversion of 31,952 convertible preference six

(b) Warrants

The issue of warrants was approved by the Argyll shareholders at the general meeting on 4th June, 1982. The warrants are to be issued free of consideration as a scrip issue to the existing Argyll shareholders on the register at the close of business on 1st June, 1982 on the basis of one warrants for every four ordinary shares then held and 145 warrants for every 400 convertible preference shares then held. The full details of the rights attaching to the warrants are set out in the circular to Argyll shareholders dated 12th May, 1962 (which is available for inspection) and are summarised as follows:

(i) Each warrant entitles the holder to subscribe for one ordinary share during the month of October in each of the years 1986 to 1988 or, if later, 28 days following the date of despects of the andited accounts of Argyll for its financial period ended on or about 31st March of the same year, at a price of 120 pence per ordinary share.

(ii) If, while any of the subscription rights remain capable of being exercised, Argyll is placed in liquidation, each holder of warrants has the right to be treated as if his subscription rights had been exercisable and exercisable and or about meeting the part in liquidation, liii) On any capitalisation issue or sub-division or consolidation of the share capital of Argyll, the number and/or nominal value of ordinary shares to be subscribed for and the subscription price will be adjusted accordingly.

(iv) If Argyll makes anofter or invitation to the holders of ordinary shares (whether by rights issue or draw wise) on or before the final subscription date of the warrants, a like offer or invitation shall be made to each warrant-holder as if his subscription rights had been exercised.

(v) If at any time prior to its October, 1986, a take-over offer is made for Argyll and the consideration for the ordinary shares of Argyll consists solely of the issue of ordinary shares of the offeror, and the offeror makes available an offer of warrants to subscribe for ordinary shares

In other circumstances, if a take over offer is made for Argyll whilst the subscription rights remain ble of being exercised and such offer becomes unconditional, each holder of warrants shall be entitled to

capable of veing exercises and size oner becomes unchanged, each nonzer of warrants shall be entered to exercise his subscription rights.

(vii) If the subscription rights under the warrants shall have been exercised in respect of 75 per cent, or more of the ordinary shares to which such rights relate, then the outstanding warrants may be compulsorily converted by Argyll, providing the new ordinary shares subscribed for can be sold at a gramium to the subscription price and expenses, and the net proceeds of the premium shall be distributed to the persons entitled thereto.

(c) Convertible preference shares

The convertible preference shares were issued in connection with the equisition of Morgan Edwards

Limited, with effect from 28th March, 1980. Full details of the rights attaching to the convertible preference
shares are set out in the circular to Argyll shareholders dated 4th March, 1980 (which is available for inspection)
and are summarised as follows:

(i) The convertible preference shares are convertible and of the years 1982 to 1990 inclusive at the rate of

15 milesy shares for every 100 convertible preference shares.

145 ordinary shares for every 100 convertible preference shares. Subject to certain exceptions, the holdens of the convertible preference shares may only exercise their rights of conversion in the month of October in each of

these years.

(ii) The convertible preference shares confer the right to a fixed comulative preferential dividend at the rate of 8 per cent, per amoun, payable half-yearly on 30th June and 31st December, in arreams.

(iii) If, while any of the convertible preference shares remain capable of conversion, a take overoffer is made to ordinary shareholders of Argyll and more than 50 per cent, of the votes which may ordinarily be cest on a poll at a general meeting of Argyll has or will become wested in the offerer, each holder of convertible preference shares shall be entitled within the period of 42 days after notice by Argyll to that before to convert some or all of his convertible preference shares into fully paid Argyll ordinary shares.

(iv) If, while any of the convertible preference shares remain capable of convertion, Argyll is placed in liquidation, each holder of convertible preference shares has the right to be treated as if his conversion rights had been exercisable and had been exercised on the day immediately before Argyll is put into liquidation and to be paid a sum in the liquidation equal to that to which he would have become suffiled if he had been the halder of the ordinary shares by virtue of such conversion together with any arrears and accross of the fixed preferential.

dividend on the convertible preference shares down to such date of liquidation whether or not such dividend has been declared or surned. Save as aforesaid, on a winding-up or other repayment of capital, the assets available for distribution will be applied in repaying to the holders of the convertible preference shares the amounts paid up on such chares together with a sum equal to any arrears and accruels of the fixed dividend calculated down to the date of the return of capital and payable whether or not such dividend has been declared or earned. The convertible preference shares shall rank for dividends and, on a return of capital on liquidation or otherwise, in priority to any other shares for the time being in issue. ad on the convertible preference shares down to such date of liquidation whether or not such dividend has

priority to any other shares for the time being in issue.

(v) The holders of convertible preference shares are entitled to receive notice of and to attend at any general meeting of Argyll. However, the holders of convertible preference shares are not entitled to wate at any such general meeting unless either (a) at the date of the notice convening the meeting the dividend on the convertible preference shares is six months in arrears and for this purpose such dividend shall be deemed to be payable on 30th June and 31st December in each year, or (b) the business of the meeting includes the consideration of a resolution for winding up Argyll or for a reduction in the capital of Argyll ut any resolution directly and adversely modifying or abrogating any of the special rights or privileges attached to the convertible preference shares in which case they will only be entitled to vote at the meeting on any such resolutions. When entitled to vote as aforestid, every holder of convertible preference shares shall upon a thow of hands have one vote and upon a poil have such number of votes equivalent to the par value of each convertible preference share which have not ordinary share in issue at the time in respect of each convertible preference share which the participation in profits or assets par passu with the convertible preference shares may be created or issued, but Argyll is entitled to issue further preference shares, whether convertible preference shares in passue, but ordinary share capital immediately following the issue shall not enceed the nominal value of Argylls issued ordinary share capital at that time.

(vii) Unless previously converted or redeemed, the convertible preference shares will be redeemed at par on ordinary share capital at that time.

(wil) Unless previously converted or redeemed, the convertible preference abazes will be redeemed at per on. 31st December, 1995.

(d) Executive share option scheme
On 27th October, 1980, following the approval of Argyll siszeholders in general meeting, Argyll introduced a share option scheme for senior management. The rules of the scheme, which is known as "The Argyll Executive Share Option Scheme" ("the Scheme"), are set out in the circular to shareholders dated 18th October, 1980 (which is available for inspection) and are summarised as follows:

(i) Offers of participation may be made to such senior executives including executive directors as the board

snail select.

(ii) The maximum number of ordinary shares in respect of which options may be granted under the Scheme is 2.058,000 being approximately 5 per cent. of the issued ordinary share capital (before allowing for the issue of shares in connection with the acquisition of Alited in June, 1982). This figure (but not the percentage) is subject to adjustment in the case of capitalisation or rights issues in such manner as the auditors shall extrict to be in their common fair and reasonable, it is the intention of the directors of Argyll to seek the sanction of shareholders to

opinion fair and reasonable, it is the intention of the directors of Argyll to seek the sanction of shareholders to increase this maximum figure in due course, such that the percentage will not exceed 5 per cent. of the enlarged issued ordinary share capital, following the acquisition of Allied.

(iii) The price! subscription price? at which option holders may acquire shares on the exercise of options will be the greater of (a) the middle market quotation of Argyll's ordinary shares as indicated by the Darly Official List of The Stock Exchange for the last dealing day preceding the date of great and (b) the nominal value. On the great of an option, option holders will pay £1 and they will make their own arrangements to finance the subscription on the exercise of their options.

(iv) The value of shares (calculated by reference to the subscription price) in respect of which options may be constituted to the contraction of the contr

granted to any one participant must not exceed a maximum of four times his annual emuluments at the date of

granted to any one paracipant must not execut a maximum of our times ms among emanuments at the case of grant of such options.

(v) Options will normally be granted within two months after amnouncement of the ancited consolidated results of Argyll. No option may be granted after 25th October, 1990.

(vi) Options, which may not be transferred or assigned, will not normally be exercisable before the expiry of three years from the date of grant. Options will lapse at the expiry of seven years from the date of grant.

(vii) The shares allotted on exercise of an option will rank part passu in all respects with the ordinary shares then in issue except that they will not rank for any dividend or distribution of Argyll amnounced prior to the date of

(viii) The basic structure of the Scheme cannot be altered to the advantage of participants without shareholders'

Under current legislation, gains made by option holders on the exercise of options will be liable to an assessment to tax as earned income under Scheinle E.

Options in respect of a total of 395,000 ordinary shares were granted at a price of 75p per share on 15th. December, 1980 to two directors, Mr. D.F. Burditt and Mr. R. E. Semerk, and five senior executives. Further options in respect of a total of 305,000 ordinary shares were granted at a price of 37p per share on 16th November, 1881 to one director. Mr. C. S. Lawrie, and 34 senior executives.

Options in respect of 60,000 ordinary shares have since lapsed owing to the departure from employment with Argyll of two senior executives.

A certificate of exemption under Section 39 of the Companies Act, 1948 has been given by the Council of The Stock Exchange in relation to the dischasure of the names and addresses of the holders of the options other than those named above.

2.BORROWINGS

As at the close of business on 22nd May, 1982, the former Argyll group and the Allied group had outstanding borrowings and cash balances as set out below. The table also includes the term loans to be drawn subsequent to that data to finance the sequinition of Allied and takes account of the dividend of £27.0 million paid by Allied to Allied (Roldings) on 10th May, 1992. The table ignores the cash receivable, estimated at £3.6 million, from the proposed sale of certain properties of Allied, as referred to in Appendix IV.

Borrowings	£m 7
Former Argyli group: Bank overdrafts (secured)	0.1
Term loans (secured)	6.0
Deferred purchase consideration	0.4
	·
Allied group:	6.5
Term loans	9.6
Loan stocks (of which £15.5 million is secured)	20.6
Lease loan capital	8.3
	38.7
Combined new Argyll group:	
	45.2
Maximum new term loans to be drawn to finance the cash element of the consideration for the	
acquisition of Alfied and expenses Estimated interest payable on consideration for Alfied	241
Fatimated interest payable on consideration for Allied	2.5
Maximum combined borrowings of the new Argyll group	71.8
Bank balances and cash:	
Former Argyll group	0.9
Allied group (£5.5 million subject to loan stock restrictions of which £4.5 million is pending	
substitution of acceptable security by the new Argyll group)	24.7
Combined bank balances and cash of the new Argyll group	25.6
Says as disclosed above, and apart from intra-group indebtedness and guarantees, no commer Argyll group or in the Allied group had outstanding as at 22nd May, 1982, any mortgag electrones, term loans, loan capital or any loan capital created but uniasued, or other borrowings or in the nature of borrowings, including bank overdrafts, liabilities under acceptances or acceptance witchess commitments or any guarantees or other material contingent liabilities.  1. WRITTEN CONSENTS	res, charges, ndebtedness

3. WRITTEN CONSENTS
Atthur Andersen & Co., Price Waterhouse, Mr. N. J. M. Spurrier and Clive Lewis & Partners have given
and have not withdrawn their written consents to the issue of this document with references to their names and to
the inclusion of their relevant reports and letters in the form and context in which they respectively appear.

The expenses payable by Argyll relating to the acquisition of Allied and to the Offer for Sale, including capital daty (at the minimum striking price) and underwriting commission, are estimated to amount to approximately £3.7 million (exclusive of value added tax), of which approximately £3.2 million is considered as relating to

& DISCLOSURE OF INTERESTS

(a) The interests of the directors, including family interests, (all beneficial unless otherwise stated) in res of Argyll, as they appear in the register maintained under Section 29 of the Companies Act 1967, as

*J. G. Gulliver		-	
†D. F. Burditt	*****		100,000
C. M. Edwards	400,000		
E.K. Edwards			
beneficial	578.835	89,556	
non-beneficial	14,669	11,341	
	7-7-000	1145.17	
*M. A. Grant	-		
C.S. Lawrie			100,000
H. M. Plowden Roberts	-	_	_
*R. F. Semark	_		100,000
*D.G.C. Webster		_	
*Mr. J. G. Gulliver, Mr. M. A. Grant, Mr. D. G. C. Webster and Mr. R. sof JGA, whose wholly owned subsidiary James Gulliver Associates for cent, interest in Gulliver Foods. † Mr. D. F. Burditt is a director of Gulliver Foods. The interests of those directors of Argyll, who are also directors of Joseph Company of the Com	rvestmenta Li	mited (IGA ir families i	(°) holds a
J. G. Golliver	·		66.3
M. A. Grant			13.5

Ordinary proference

The table below sets out the aggregate shareholdings of Gulliver Foods and its associates, JGAI and Hes Limited ("Avamailes"), a wholly owned subsidiary of Gulliver Foods, in the present share capital of

asfolk

Ordinary shares preference shares 8,859,615 (21.0%)\* 353,850 (34.1%)

\*Richaring to 6.5%, following the issue of shares in connection with the acquisition of Allied, before allowing far any new ordinary shares that may be acquired by Gulliver Foods under the Offer for Sala.

The above excludes details of interests in warrants which will be issued to the Argyll sharcholders, following completion of the acquisition of Allied.

Gulliver Foods participated in the sub-underwriting of the new ordinary shares to the extent of 1.100,000 ordinary shares as referred to in paragraph 6(xv) below.

(b) Gulliver Foods has been appointed consultant to Argyll under an agreement expiring on 4th February.

1884. In the fifty two week period coded 27th March, 1982, Gulliver Foods received free under this agreement amounting to 2200,000. These fees are subject to annual review.

(c) An office in London was acquired by Gulliver Foods and is occupied by Argyll. It is proposed that it should be acquired by Argyll for a consideration, to be determined by an independent valuation, which will not exceed 250,000 or, in any event, its original total cost to Gulliver Foods.

Gulliver Foods agreed to acquire 8,832,499 ordinary shares of 25p each in Linfood Holdings Limited on 9th September, 1981. These shares were acquired by Argyll on 22nd September, 1981, being the settlement date for the purchase, subject in the approval of Argyll shareholders in general meeting. Culliver Foods agreed to acquire the shares in the event that the sharebolders did not approve the purchase.

Save as disclosed in this paragraph (c), no director of Argyll has any interest, direct or indirect, in any esset which, since 28th March, 1961, being the date of the last published accounts to be laid before shareholders in general meeting, has been or is proposed to be acquired, disposed of by or leased to Argyll or any of its subsidiaries.

(c) Argyll has received notification that Mr. W. N. Cassel, a former director of Argyll, holds 2,167,538

Argyll groups business.

(e) Argyll has received notification that Mr. W. N. Cassel, a former director of Argyll, holds 2,167,538 ordinary shares, representing 5.1 percent of the issued ordinary shares allowing for issue of the new

ordinary shares.
Save for this interest, and the interests of Gulliver Foods and its essociates referred to above. Argyll has not been notified of any other person holding a substantial part (that is, 5 per cent. or more) of the ordinary share

not been notified of any other person holding a substantial part (that is, 5 per center).

(i) The emoluments of the directors of Argyll in respect of the fifty two week period ended 27th March, 1982 amounted to £140,000, excluding the fees paid to Gulliver Foods, as described in paragraph (b) above. The emoluments of the directors of Argyll will not be affected by the acquisition of Allied.

(g) Mr. C.M. Edwards has a consultancy agreement with Argyll for a five year period expiring in April, 1985.

Mr. C.S. Lawrie has a service agreement capiring on 31st March, 1983 with a subsidiary of Argyll. Mr. H. M. Plowden Roberts is a director of Allied (Floldings) and has a service agreement with Allied (Holdings). This agreement is terminable at 12 months' notice. It is the intention that Mr. H. M. Plowden Roberts will become a full time executive of the new Argyll group. Seve as disclosed herein, no director of Argyll has a service agreement with Argyll or ony of its subsidiaries which cannot be terminated without payment of compensation within a period of twelve months.

The following emissets (not being in the ordinary course of business) have been entered into within the last two years by the members of the new Argyll group and are or may be under ind:

(i) The agreements dated 6th October, 1980 between Argyll, Gulliver Poods, Avonmiles and JGAI winereby Gulliver Poods, Avonmiles and JGAI undertook to take up in full their entitlement to 936,627 ordinary shares in respect of the October, 1980 rights issue of 4,449,943 ordinary shares at a price of 54p per share.

(ii) The agreement dated 7th October, 1980 between Argyll and Samuel Montagu whereby Samuel Montagu agreed to underwrite the balance of the October, 1980 rights issue not agreed to be taken up by Gulliver Poods, Avonmiles and JGAI, for an underwriting fee amounting to 2 per cent, of the amount underwriten, out of which a fee was paid to Panmure Gordon & Co. and a fee of 1½ per cent, to sub-underwriters.

(iii) The agreement dated 1st December, 1980 between Allied and Allied (Holdings) whereby Allied purchased all the issued share capital of Moores-Wrights, a holding company, from Allied (Holdings). The consideration of £13,647,100 was satisfied by the issue of 3,960,272 ordinary shares of Allied.

(iv) The agreement dated 1st December, 1980 between Allied and Argyle Securities (Holdings) Limited whereby Allied purchased all the issued share capital of Argyle Securities, an investment company, from Argyle Securities (Holdings) Limited whereby Allied purchased all the issued share capital of Argyle Securities, an investment company, from Argyle Securities (Holdings) Limited, a fellow wholly owned subsidiary of Allied (Holdings). The consideration of £22,22 million was satisfied by the issue of 5,739,118 ordinary shares of Allied.

(v) The agreement dated 2ist December, 1980 between Oriel and RCA International Finance Limited, from BCAIF for a consideration of £25 million in cash.

(vi) The agreement dated 2ind December, 1980 between Argyll and RCAIF whereby Argyll agreed to acquire Oriel from RCAIF for 5 consideration

(vi) The agreement dated 22nd December Oriel from RCAIF for £19.5 million in cash. Oriel from ECAIF for £19.5 million in cash.

(vii) The agreement dated 22ml December, 1980 between Argyll, Gulliver Foods, Avanmiles and JGAI whereby
Gulliver Foods, Avanmiles and JGAI undertook to take up in full their aggregate entitlement to 2,622,558
ordinary shares in respect of the February, 1981 rights issue of 12,469,842 ordinary shares at a price of 659

per share.

(viii) The agreement dated 22nd December, 1980 between Samuel Montagu and Argyll whereby Samuel Montagu, in association with Noble Grossart Limited, agreed to underwrite the balance of the February, 1981 rights issue not agreed in be taken up by Cultiver Foods, Avanualles and JGAI for an underwriting see, amounting to 2% per cent, of the amount underwritters, out of which Samuel Montagu paid a see to Panuare Gordon & Co., and a see of 2 per cent, to sub-underwriters.

(ix) The agreement dated 22nd December, 1980 between Samuel Montagu, Midland Bank plc and Argyll whenthy Samuel Montagu and Midland Bank pic agreed to make available to Argyll a secured loan facility of £12 million. The facility is at a rate of interest, based on 1% per cent per samuar of the Interhank Offered Rate and was originally repayable as to 24 million in February, 1983 and £2 million per annual from March, 1985.

Note: Subsequently, £8 million of this loan was repeal on 37th March, 1981 and repayments of £2 million per annual are due from March, 1985.

(x) The offer by Argyll of 19th October, 1981 for the whole of the issued above capital of Linford Holdings Limited; this offer subsequently lapsed following a reference to the Monapolies and Mergers Commission.

(xi) The agreement dated 9th October, 1981 between Argyll and Samuel Montagu and N. M. Rothechild & Sons Limited agreed to subscribe or procure subscribers for the 34,955,950 ordinary shares and 27,011,416 51; per cent. convertible preference shares of 21 each which would have been allotted to shareholders of Limbod Holdings Limited who elected to receive the alternative cash consideration under the offer referred to in (x) above. Rotal underwriting commissions of \$247,000 were paid by Argyll, out of which fees were paid to Panmure Gordon & Co. and to sub-underwriters.

(xii) The Stock Exchange contracts relating to the purchase by Argyll of 13,272,987 ordinary shares of Limited Holdings Limited over a period of time commencing on 9th September, 1981 and their subsequent sale on 12th November, 1981.

Holdings Limited over a period of time commencing on 9th September, 1981 and their subsequent sale on 12th November, 1981.

(xiii) The agreement dated 11th May, 1982 between Allied (Holdings) and Argyll whereby Argyll has agreed to acquire Allied from Allied (Holdings) for a consideration of approximately 2101 million, together with interest thereon at approximately 14 per cent per annum from 16th April, 1982, to be satisfied by the issue of the new ordinary chares of Argyll and the payment of cash as described in this document. This agreement contains normal warranties and indemnities by Allied (Holdings) with a provision that, until the aggregate claims thereunder total \$1.25 million, no such claims will be made: the agreement also contains separate indemnities from Allied (Holdings) in relation to certain items of tatation.

(xiv) The agreement dated 10th May, 1982 between Samuel Montagu and Midland Benk pleand Argyll whereby Samuel Montagu and Midland Bank ple agreed to make available to Argyll secured from facilities of up to £26 million. Of these facilities, £9 million is at a rate of interest based on 1% per cent per annum over London Interbalk Offered Rate and is repeyable in six semi-annual instalments of £1.5 million commencing in December, 1983. The balance of £1.7 million in two semi-annual instalments of £2.5 million commencing in December, 1985, as to £3 million in four semi-annual instalments of £2 million commencing in December, 1987. This agreement contains certain undertakings by Argyll in relation to the new Argyll group which will apply until repayment of the relevant loan. These undertakings lockude: (a) the maintenance of certain financial raties relating to the levels of borrowings and not tangible assets of Argyll and its subsidiaries, (b) a restriction on the Allied group acquiring or disposing of any assets other than in arms length transactions in the open market; and (c) a restriction on the new Argyll group creating any further secured borrowing. Save with the consent of Samuel Mont

plc, the loans will become immediately due and payable upon the occurrence of certain specified events including certain breaches of the agreement.

(rv) The agreement deted 11th May, 1982 between Samuel Montagu, Argyll and Allied (Holdings), whose registered office is at Cavenham House, By-Pass Road, Colubrook, Slough, Berks, whereby Samuel Montagu undertook, subject, inter alia, to listing being granted for the new ordinary shares and also to the Offer for Sale proceeding, to purchase all the new ordinary shares of Argyll from Allied (Holdings) at the stricing price for an underwriting fee payable by Argyll based on 2 per cent of the amount underwritize (at the minimum striking price), out of which a fee of it per cent, will be baid to Pannuire Gordon & Co. and a fee of 1% per cent, to sub-underwriters. The amount of the underwriting fee, including the amount payable to sub-underwriters. a rate of 's per cent, to red a rate of 's per cent, per week or part thereof, to the extent that the underwriting period extends beyond 9th June, 1982. Gulliver Foods participated in the sub-underwriting to the extent of 1,100,000 ordinary shares.

(xvi) The agreement dated 10th May, 1982 between Midland Bank ple and Argyll whereby Midland Benk ple agreed to offer to Allied and certain of its subsidiaries; a Revolving Loan and or Acceptance Credit Facility of £15 million in order to refinance a loan of £16 million from Cititiank NA, which loan may fall due for repayment on change of ownership of Allied, and to provide additional working capital. The loan is on similar interest terms to the Citibank facility and is repayable over a period of not less than 4½ years. In addition, this agreement contains certain undertakings in relation to the Allied group which will apply until repayment of the loan. These undertakings in relation to the Allied group which will apply until repayment of the loan. These undertakings in relation to the Allied group which will apply until repayment of the loan. These undertakings in relation to the ZARTICLES OF ASSOCIATION

7. ARTICLES OF ASSOCIATION

The Articles of Association of Argyll contain, inher alia, provisions to the following effect:

(a) Subject to any special rights, restrictions or probabilitions as regards voting for the time being attached to any class of shares to the capital of Argyll, every member personally present or, if a corporation, present by a duly anthorised representative; shall on a show of hands have one vote only and on a poll every member shall have one vote for every share held by him.

(b) The directors may exercise all the powers of Argyll to horrow money last shall restrict the borrowings of Argyll and exercise all rights exercisable by Argyll in relation to its subsidiaries on as to ensure that the aggregate principal amount outstanding of all manies borrowed by Argyll and its subsidiaries ("Argyll group"), excluding intra-group borrowings, shall not exceed, save with the previous senction of an ordinary resolution of Argyll, an amount equal to two times the aggregate of the paid up share capital of Argyll and the total of the capital and revenue reserves of the Argyll group (as more particularly defined in the Articles of Association) after, inter after excluding any smount as having arisen in respect of intangible assets of the Argyll group as shown in a consolidation of the latest audited balance sheets of the members of the Argyll group, adjusted as may be necessary to take into account any company which has become a subsidiary of Argyll and any variation in the paid up share capital or in the share premium account of Argyll since the date of the latest and take into account any company which has become a subsidiary of Argyll and any variation in the paid up share capital or in the share premium account of Argyll since the date of the latest and take into account any company which has become a subsidiary of Argyll and any variation in the paid up share capital or in the share premium account of Argyll since the date of the latest.

(c) The remuneration of all the directors shall be at the rate of £3,000 per annum or such sum as shall be determined from time to time by Argyll in general meeting which the directors shall divide among themselves as they think fit. Directors may also be paid all travelling, hotel and other expenses properly incurred by them in connection with the business of Argyll. Special remuneration may be granted by the directors to any member of the board who renders any special or extra services to Argyll, or who goes or resides abroad in connection with the conduct of any of the affairs of Argyll.

(d) A director may not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his interest in shares or dehentures or other eccurities or otherwise in or through Argyll and a director shall not be counted in a quorum of a meeting in relation to any resolution on which he is debarred from voting. However, a director shall be entitled to vote and be counted in a quorum of the counted in a quorum of the counted in a quorum of the counted in a cou

(i) the giving of any security or indemnity to him in respect of maney lent or obligations incurred by him at the request of or for the benefit of Argyll or any of its subsidiaries; (ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of Argyll or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity

(iii) any proposal concerning an offer of charce, debentures or securities of or by Argyll or any of its subsidiaries in which he is or is to be interested as a participant in the underwriting or sub-underwriting.

(iv) any proposal concerning any other company in which he is interested directly or indirectly whether as an officer, member or otherwise provided that he is not the holder of or beneficially interested in 1 per cent. or more of any class of the equity share capital of such company;

(v) any proposal concerning any other company; (v) any proposal concerning the adoption or modification or operation of a superannuation fund or retirement benefits echeme under which he may benefit and which has been approved by or is subject to and conditional upon the Inland Revenue for taxation purposes.

(a) A director may be or may become a director or other officer of or otherwise interested in any company promoted by Argyll or in which Argyll may be interested as shareholder or otherwise and no such director shall be accountable to Argyll for any remomeration or benefits received by him as a director or officer of, or from his interest in, such other company unless Argyll otherwise directs.

(f) The directors may appoint one or more of their number to the office of managing director on such terms as they think fit. A director so appointed shall not, whilst holding that office, be subject to retirement by rotation.

(g) The directors may on behalf of Argyll pay a gratuity or pension or allowance on retirement to any director who has beld any salaried office or place of profit with Argyll or to his widow or dependants and may make contributions to any found and pay premiums for the purchase or provision of any such gratuing, pension or

(h) The statutory provisions concerning an age limit for directors do not apply.

(i) There is no current requirement for directors to hold qualification shares.

collisions at the directors of Argyll are aware, neither Argyll nor any of its subsidiaries is engaged in any material litigation nor are there any claims of material importance pending or threatened against any company in the new Argyll group. 9. WORKING CAPITAL The directors of Argyll are of the opinion that, having regard to bank overdraft and other facilities available, the new Argyll group has sufficient working capital for its present requirements.

10.MATERIAL CHANGES Save as disclosed herein relating to the proposed acquisition of Allied, there has been no material change in the financial or trading position of the new Argyll group other than in the ordinary course of business since

27th March, 1982, the date to which the last audited accounts of Argyll were made up.

27th March, 1982, the date to which the last audited accounts of Argyll were made up.

11. DOCUMENTS LODGED WITH REGISTRAR OF COMPANIES

The documents attached to the topies of this Offer for Sale delivered to the Registrar of Companies for registration comprise the written consents referred to in paragraph 3 of Appendix V, the forms of application, the statements of Arthur Andersen & Co. and Price Waterbouse setting out the adjustments made in arriving at the figures contained in their respective reports and the reasons therefor, copies of the material contracts summarised in paragraph 6 of Appendix V, and a copy of the circulars to (1) the shareholders of Argyll and (ii) the employees and management of the new Argyll group, both dated 4th June, 1962 to accompany this Offer for Sale. 12 DOCUMENTS FOR INSPECTION . Copies of the following documents are available for inspection during normal business hours on any weekday (Saturdays excepted) up to 1st July, 1982, at the offices of Asburst, Morris, Crisp & Co., Broadgate House, 7 Eidon Street, London EC2M 7HD:

The Memorandum and Articles of Association of Argyll.

(ii) The audited accounts of the following companies: Argyll and its subsidiaries for the fifteen month period ended 28th March, 1981 and the 52 week period ended 27th March, 1982; Allied and its subsidiaries for the 52 week period ended 28th March, 1981 and the 52 week period ended 3rd April, 1982.

The report by Arthur Anderson & Co. on the former Argyll group as set out in Appendix I, together with tatement of adjustment and the letter from Arthur Andersen & Co. set out in Appendix III. The report by Price Waterhouse on the Allied group as set out in Appendix II, together with their statement

(v) The report by Clive Lewis & Partners on the valuation of Appendix IV.

Allied group, as set out in Appendix IV.

(vi) The agreements relating to the services of Golliver Foods, Mr. C. M. Edwards, Mr. C. S. Lewrie and Mr. H.

M. Plowden Roberts referred to in paragraph 5 of Appendix V.

(vii) The material contracts, summarised in paragraph 6 of Appendix V. The report by Clive Lewis & Partners on the valuation of the freehold and long less chold properties of the

The circular to the shareholders of Argyll dated 12th May, 1952, relating to the acquisition by Argyll of The circulars to the shareholders of Argyll dated 4ft, March, 1980, 10th October, 1980, 21st January, 1981, spiember, 1981 and 19th October, 1981.

The written consents, referred to in paragraph 3 of Appendix V. 4th June\_1982

PROCEDURE FOR APPLICATION

1. Applications must be for a minimum of 200 shares and thereafter for the following multiples of shares: In multiples of Applications for not more than 1,000 shares 200 shares Applications for over 1,000 shares and not more than 10,000 shares 500 shares

1,000 shares

Applications for over 10,000 shares and not more than 25,000 shares 1,000 shares Applications for over 25,000 shares and not more than 100,000 shares 5,000 shares Applications for over 100,000 shares Preferential applications, on a pink preferential application form, may be made by holders of existing ordinary and convertible preference shares of Argyll for ordinary shares up to the maximum number for which each shareholder has been separately notified that he may apply without regard to the multiples set out above. Completion of a

preferential application form shall not preclude existing shareholders from making further application for additional shares, in the multiples set out above. Preferential applications, on a green preferential application form, may also be made by the employees of the existing Argyll group and of the Allied group for a maximum of 1,000,000 new ordinary shares. Such preferential subscription invitations are not transferable or 2. Applications must be made on the accompanying Application Form at a minimum tender price of 85p per share or at any higher price (in units of Ip each) up

to a maximum price of 100p per share.

3. Applications must be forwarded or handed in to Samuel Montagu & Co. Limited, New Issue Department, Augustine House, Austin Friers, London EC2N 2JL together with a remittance for the full amount payable on application so as to be received not later than 10.00 am on Thursday, 10th June, 1982. Applicants by post are advised to allow two days for delivery and to use first class mail. Photocopies of application forms will not

4. A separate cheque or bankers draft must accompany each Application Form. Cheques and bankers drafts, which must be drawn in sterling on a bank in, and be payable in, the United Kingdom, must be made payable to "Samuel Montagu & Co. Limited" and crossed "Not Negotiable". No application will be considered unless these conditions are fulfilled. Samuel Montagu reserves the right to present all cheques for payment on receipt and to retain Letters of Acceptance and any application moneys returnable pending clearance of such cheques. Due completion and delivery of an Application Form accompanied by a cheque will constitute an undertaking that the cheque will be honoured on first presentation; attention is drawn to the declaration in the Application Form to that effect. Applications will be irrevocable until 24th June, 1982.

5. Subject as aforesaid, and as mentioned below, applications will be accepted on the following basis:

(a) All shares for which applications are wholly or partly accepted will be sold at the same price ("the striking price"), which will not be less than the minimum tender price of 85p per share nor more than the maximum tender price of 100p per share. The striking price will not necessarily be the highest price at which sufficient applications (including applications at higher prices) are received to cover all the new ordinary shares being sold. In deciding the striking price and the basis of allocation, Samuel Montagu will have regard to the need to establish a market in the new ordinary shares, for which purpose a reasonable number and spread of shareholders is required.

(b) Samuel Montagu reserves the right to refuse any application, in whole or part, regardless of the application price; multiple applications at any one price are liable to be

day June ?

### ARGYLL FOODS PLC

(c) Applications for shares, including preferential applications, at prices less than the striking price will receive no allocation of shares. (d) If applications are received for less than the total number of shares offered, the striking price will be the minimum tender price of 85p per share.

(e) The striking price and the basis of allocation will be amounted on or as soon as

(e):The striking price and the cases of american was proved the striking price possible after, Monday, 14th June, 1982.

In the event that applications for new ordinary shares at or above the striking price are received for a total number of shares in excess of that available, such preferential applications will be accepted in full and other applications will be scaled down. No allocation will be made in respect of applications, whether preferential or otherwise, at prices

tendered below the striking price.

In the event of excess applications from employees, the basis of allocation will be decided by Samuel Montagu.

decided by Samuel Montagu.

6. Acceptance of applications will be conditional on the Council of The Stock Exchange admitting the new ordinary shares of Argyll to the Official List not later than 24th June, 1982, and on completion of the acquisition of Alfied by Argyll. Moneys paid in respect of applications will be returned if such conditions are not satisfied and in the meantime will be retained by Samuel Montagu in a separate account. If any application is not accepted or is accepted for fewer shares than the number applied for, or is made at a price higher than the striking price, the application moneys or the balance thereof (as the case may be) will be returned through the post at the applicants in Wednesday, 16th June, 1982.

7. Arrangements have been made for the registration by Argyll of the new ordinary shares now officed for sale, free of stamp duty, in the names of applicants or persons in whose favour Letters of Acceptance have been renounced, provided that in cases of remunication, Letters of Acceptance (duly completed in accordance with the instructions contained therein) are ledged for registration and letters then 30th Talk 1982. contained therein) are lodged for registration not later than 30th July, 1982. Share certificates will be issued on 27th August, 1982.

8. No person receiving a copy of this Offer for Sale and/or an Application Form in any territory other than the United Kingdom may treat the same as constituting an invitation to him, nor should be in any event use such Application Form, unless in the relevant territory such an invitation could lawfully be made to him or such Form could lawfully be used without compliance with any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application hereunder to satisfy himself as to full observance of the laws of the relevant territory in connection therewith, including obtaining any governmental or other consents which may be required or observing any other formalities needing to be observed

Copies of this Offer for Sale with Forms of Application may be obtained from: Penmure Gordon & Co.... 9 Moorfields Highwalk, Samuel Montagu & Co. Limited. New Issue Department, London EC2Y 9DS

Augustine House, London EC2N 2JL

Gutside London, copies are available from the following: Samuel Montagu & Co, Limited, St Ann's House,

Samuel Montagu & Co. Limited. Phoenix House, I-3 Newhall Street, Midland Bank plc, 49 Corn Street Bristol BS99 7PP

St Ann's Place, Manchester M27LP Midland Bank plc. 42 Grey Street, Newcastle upon Type NE99 1LS Clydesdale Bank PLC,

30 St. Vincent Place,

Glasgow G1-2HL

Clydesdale Bank PLC,

Examples of amounts payable at different tender prices:

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APPLICATION FORM The application list for the ordinary shares now offered for sale will open at 10 s.m. on Toursday, 19th

application hat for the environ's states now opered for such was open at 10 s.m. on a formers; non the analysis of the state of the sta

### ARGYLL FOODS PLC

Offer for Sale by Tender

Samuel Montagu & Co. Limited

of 95,000,000 ordinary shares of 10p each at a price of between a minimum of 85p and a maximum of 100p per share, payable in full on application with the first minimum of 200 flates or far the following multiples of shares, thereafter in multiples of 500 shares up to 2000 shares; thereafter in multiples of 500 shares up to 25,000 shares; thereafter in multiples of 500 shares up to 25,000 shares; thereafter in multiples of 500 shares up to 25,000 shares; thereafter in multiples of 10,000 shares.

he price per stare most be at the minimum tender price of 25p per share or at any higher price (in units of special) up instinuum funder price of 1905 per share. Examples of Mandomic payable at dillerent tender prices are act out above.

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NO RECENT WILL BE ISSUED FOR THE PAYMENT ON APPLICATION, but an esta

TECHNOLOGY

EDITED BY ALAN CANE

### UK breakthrough 1—machine to layer surfaces a molecule thick

BY ELAINE WILLIAMS

developments a still invention of the such the invention of the such the invention of the such the invention of the such the invention of the such the invention of the such the invention of the such the invention of the such the invention of the such the invention of the such the invention of the such the invention of the such the invention invention instead of the information instead of the info

ranging from solar cells, chemically and biologically sensitive semiconductor devices, to luminous displays and optics.

#### Consistent -

So, the availability of a commercial machine which can produce perfect thin films only one molecule thick marks an important step forward for re-

At last they have a tool to produce consistent layers to help them develop new applica-

Until now it has not been possible to deposit the lavers without producing holes on the surface of the material to be coated. Any imperfection limits the LB films usefulness, especially in electronics where an electric field has to be applied across it.

After 12 years' effort, burham University, Joyce-Durham Loebl, and ICI have overcoma the problem.

Langmuir Trying and Katherine Blodgett developed the thin layer technique more than 50 years ago at General Electric's research laboratory in the U.S. Margaret Thatcher during her university days . Insulating even wrote a paper about these

In principle, the technique is simple. The material to be deposited is spread on the surface of a pool of water and the solid is coated with the film as it is passed through the water

BRITAIN has schieved a major way in which a seaguil may breakthrough which could lead become polluted by oil lying

Thin layers are also more sensitive to heat or pressure or certain gases. By meorpor-ating a monomolecular layer into a conventional transistor it is possible to make the transistor equally as sensitive. So it has wide potential in all forms of sensors. It becomes, in effect, a microfransducer.

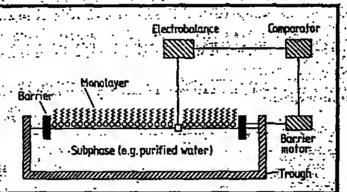
Langmuir · Blodgett : films could be used to improve the manufacture of conventional semiconductor devices by belping to shrink the size of individual elements on a silicon chip, so packing more components in a smaller area.

This is just the tip of a possible application of Language Blodgett film, according to Professor Gareth Roberts, Head of the Applied Physics and Electronics department at Durham University, who is one of the leading researchers in the field. Professor Roberts and his

team at Durbam have developed a gas sensitive transistor called a Chem FET. This has an LB layer incorporated into a conventional transistor. Depending on the make up of the layer, the transistor will detect a particu-

Similar techniques could be applied to produce heat or pressure detectors and a whole range of special electronics.

Other researchers at the Royal Signals and Radar Establishment in Malvern hopa It is rather similar to the to improve today's electronic



Schematic diagram of monolayer under investigation in a Langmuir Trough,



The Joyce-Loebl machine is the first commercial system to produce perfect ultra-thin films a more molecule thick

displays such as liquid crystals,—could lead to three dimensional Such work could lead to very storage of information. thin large screen televisions like a picture.

Other work is centred on producing imicroelectronics circuits from materials other than silicon. It is the special insulatlog properties of silicon's oxide which makes It such a good material for integrated circuits.

Depositing Langmuir Blodgett films onto semi-conductor materials such as Gallium Arsenide, Indium Phosphide and Cadmium telluride, which do not Investigate possess - such an insulating oxide, creates possibilities for new types of microelectronic circuits.

in the field of optical electronics, Langmuir-Blodgett films could lead to the development. light signals to perform the SERC funding. type of legic:functions carried out today by conventional elec-

Professor Roberts said that thin films could be used to increase the efficiency of solar cells by as much as 60 per cent. In addition, depositing several magnetic Langmuir Blodgett layers on top of each other on a silicon or other type of chip

This would increase dramatic

which could be hung on the wall ally the storage capacity of such electronie eirenits which pre sently operate in only dimensions.

The Science and Engineering Research Council, which bas championed the cause of thin films in the UK, was so con-cerned about Britain's role in the technology that it set up a working party of academics and industrialists two years ago to premote its development.

Professor Roberts chairs the working party. He says that, thanks to SERC's initiative more people want to investigate the possibilities of Langmuir Blodgett films. This interest has been reflected in the increased of tiny channels for guiding number of applications for

> Professor Roberts admitted, ever. That commercial exploitation ... of many potential applications was still several

years away. It is an area where Britain does have a technological lead over countries such as Japan and the U.S. and the hope is to maintain this lead as the technique moves from research **Advertising** Technology Contact Langford-Alexander

Advertisinu 6,George Rd.,Edgbastor Birmingham, B15 1NP 021 455 9696

### Massey's giant tractor

ONE OF the world's biggest fractors, designed to boost the productivity of major cereal growers and other large acreage producers, is to be introduced to the UK by Massey Ferguson.

Rated at 226kW, the MF 4880 is a four wheel drive, pivot steer tractor with an electronically operated three point linkage. More information on 0203 465211.

### Tube end machine

A tube end working machine to meet the needs of car exhaust pipe manufacturers is the latest offering from Addisons, Bamber Bridge, Preston (Head Office: 01-993 1661). The FORM-MASTER 70X is suitable for tubes up to 70mm outside diameter, has a choice of forming heads, and, the company claims, should provide com-petition for a market dominated at present by imported machinery.

### **Mobile** arc welding

AN alternator which will enable a car to be used as a mobile arc welding unit is to be marketed by the Stockton company, WeldRo Welding Supplies. It is called Anto Arc and is available in kit form as an alternator, terminal block with band throttle, regulator, electrode bolder and a 100/200v supply. Full details on 0642 62959.

### Strain viewing instrument

THIS quantative strain viewing instrument below enables inter-nal strains in glass and plastic components to be measured to a high degree of accuracy and is the latest offering from Sharoles Photomechan Bamber Bridge, Preston (0772

It has a 140 mm diameter viewing field with polariser and analyser units mounted on separate bases. White and monochromatic is available with a tint plate for examination of materials with low optical sensi-



# UK breakthrough 2—cast iron 'pills' find a rising world demand

NEARLY 30,000 tonnes of cast with recycled materials), con- of its business in the UK that

constituent of melting furnace use of the charge pre-heating overseas markets.

Charges in foundries melting zone in cupolas.

There is also an absence of Europe, using Holland as a only deposits which can cause base. The company also be avironmental, problems, ablieves it has apportunities in the U.S. and asia and it is new taminants. Such as lead or aluminium and at absence of markets. More from Mr Martin briquesting plant, because the bot steel which would reduce the Steel which would reduce the steel

Foundrymen are finding that at last they can rely on a fur-nace charge material produced from recycled cast from

The "pills" or briquettes as they should be really called, are produced from bosings which re-sult from the maching of cast iron used in the manufac-ture of engine cylinder blocks. When the borings are compacted toto briquettes, they out be used as furnace charge material in foundries operating cupolas, retary furnaces or induction

A big advantage is that the briquettes in some circum-stances can be used to partially or even totally replace more expensive pig from It is also clamed that they overcome the problem of high meeting losses of efficien and manganese which sometimes occurred when cast-

Production of the briquettes involves heating the cast from borings, which are obtained direct from major engine plant sources, to 500 degrees C in an atmosphere that is carefully controlled to avoid exidation. The hot borings are then compacted at a pressure of 500 tonnes to form a briquette. weighing between seven and eight kilograms. Each briquette is about 155 mm (6 inches) in drameter and 75 mm (3 inches)

Ecobric Foundry which developed and brought to its present stage the hot rest inn briquet-ting process, claims that the composition of its from pill is comparable to that of the cylinder block casting from which it was derived. Advantages include consis-

tent and known analysis (an important factor when dealing

iron "pills" for use as a major sistent size, and more effective it is now ready to enfer the constituent of meding furnace use of the charge pre-heating overseas markets.

dard. Apart from random sampling of the finished briquettes, remelt and spectographic analysis is carried out by an independent laboratory. The same checks are made on incoming feed stock material.

Hot - briquetting calls for precise control of furnace atmosphere temperatures and pressures and this is where the company thinks it has made its biggest advances. Much of the development work has been with guidance from the British Cast Tron Research Association af Alvechurch in the West Midlands.
As a result of research, the

company has felt-able to make several claims for its briquettes: limited flame and aegligible fame emission from melts, excellent compaction and strength litle breakage, and a density well in excess of the 70 percent minimum recommended by that the use of the improved briquettes would be unlikely to lead to any environmental prob-

Ecobrie Foundry, which is a member of the L. E. Jones Group of 746, Finchley Road, London NW11 7TH (01-458 7399) has been so much encouraged by the success of its research and development and also by the consequent growth

UNIQUE OPPORTUNITY

into development.

Banco di Napoli - Sezione di Credito Industriale US \$ 27,391,000 Medium Term Loan

Banco di Napoli International S. A. Banque Internationale à Luxembourg S. A. Gulf International Bank B. S. C. PKBanken International (Luxembourg) S. A.

Fuji International Finance (Luxembourg) S. A. The Industrial Bank of Japan (Luxembourg) S. A.

Banco di Napoli International

OIVIDENO & INTEREST PAYMENTS— led labril Designers (USM) 0.30 comodes Products Db 5.250 nk of Scotland 115 Con La 35goc

lopkinsons Hidgs, the Machines, Winchester House, 77. London Wall E.C., 12.00 Inited Hewspapers, 23-27, Todor Street, C. 1230 BOARD MEETINGS-

idna Bros. (Hoslery)

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

Vard Willse. Corpente Lvenue, E.C., 12.00 Pudsey, Yorkshire, 11.30 Ire and Plastic Products, Southcitie Notel. The Less, Politestone, 3.00 BOARO MEETINGS— LCP Leigh Interests

United Parcels, Overstone Solarium, Ecton Laos, Sywell, Hertlants 12.00 Wills (George), Armoary House, City Road, E.C., 11.5 BOARO METINGS.—Floats

idinburgh Utaure 57-75 57-75 AG DM 7. Cd Br 0M0.7 Hoechst AG DM 7. Cd Br 0M0.7

tirgham. 11.00 F.). Stanhope Court Hotel. Sardens, S.W., 12.00 Navigation Baltic Exchange.

& INTEREST PAYMENTS-Boeling 35 cts Pinance Con Critory Overseas Pinance Con Rate Notes due 1894 \$36.50 Dari end Kraft Inc 90 cts Piniany Packating 1.750 General Motors Con 00 cts. Be Gerrard and Naddonal 10.755 Gail Dil Con 70 cts Jessel Townbee 3.250 Montaque oBston Inv 7st 1.250 Porolator Inc 27 cts Soulbb Con 31.5 cts Toxaco Inc 75 cts Toxaco Inc 75 cts Toxaco Inc 75 cts Toxaco Inc 75 cts Upilted Technologies Con 60 cts Werner-Lambert 35 cts Western Nidgs 108.17544p

Trace Centre, 1, St. Kathering a Bound 11.30 11.30 Cpn. 8 odbrooke Road, Warwick TURNE COM. DOM. 3.00 BOARD MEETINGS. Finals: Pikington Bros. Wintell (Henry)

Interios Burco Dean Wearwell
DIVIDEND & INTEREST PAYMENTS—
DIVIDEND & INTEREST PAYMENTS—
Amdeh Can, 10 cts
Biddle Niogs 5,69
Central and Sherwood 0.55p
Clarket Clembed) 1.740
Clarket Clembed) 1.740

Selangor Rabber 9p County Stapt 85-87 24pc d loe 1.9g 

Special awards for BR men

FOUR BRITISH RAIL men are to receive special awards totalling £1,000 for their ideas ranging from involved technical innovations to simple costeffective uniform alterations. Mr J. G. Urquart, a member of the BR board, will present the awards tomorrow at Euston headquarters to Mr Brian Parkinsoo and Mr Harold Smith of the Lincoln mainteoance depot, Mr Sidney Carey of the Stewards Lane plant and machinery depot, South London, and Mr Wilfred Bell of the engineering works at York.

Their ideas have already won them a total of more than £4,000 aod were judged the best of 3,400 submissions to BR's staff suggestions scheme last year.

This week's business in

mons: In Recess. Lords: Criminal Justice Bill. Second Reading. Short debate on the Government's attitude to the Horn of Africa, etc. TOMORROW

Commons: Northern Ireland Bill, Committee. Lords: Children's Homes Bill, Committee. Oil and Gas (Enterprises) Bill, Report. Planning Inquiries (Attendance of Pub-

mentary Commissioner for Finance (No 2) Bill, Report. Administration—Subject: ports of the Parliamentary Commissioner for Administration. Witnesses: Board of Inland Revenue (Room 5, 5 pm).

WEDNESDAY Commons: Northern Ireland Bill, Committee.

Lords: Debate on the oeed to improve opportunities for unemployed and other school leavers with special reference to the Manpower Services Com-mission'a youth task group report (April 1982). Gaming (Amendment) Bill, Committee. Cinematograph (Amendment) Welsh Office Departments. Wit-nesses: Welsh Office land use planning group (Room 18,

Industry and Trade—Subject: Support for Trade and Industry io Northern Ireland. Witnesses The Hoo Adam Butler MP, Minister of State and officials of the Department of Commerce, Northern Ireland (Room 16, 10.45 am).

Employment—Subject: The working of the Health and Safety Commission and Executive. Witnesses: Confederation of British Industry (Room 8,

Critical report on arthritis

MANY of Britain's millions who suffer from arthritis or rheumatism could be needlessly dis-abled because of treatment problems, in spite of advance

The report, Arthritis in the 1980s, says there is a widening gap between advances in treatment and the ability to get them

The authors found that more than 8m people a year consult their doctor about arthritis or rheumatism, but in 59 health districts there is no specialist rheumatologist.

Association

Commons: Supply debatesubject still to be announced. Motion on MPs' pay and allow-ances. Private Business from

Lords: Local Government Social Security and Housing Benefits Bill, Third Reading.

(Liner Conferences) Bill, and the Taking of Hostages Bill. Reading. Supply of Goods and

Sub-Committee-Subject: The structure of personal income taxation and income support. Independent Businesses: Confederation of British Industry (Room 15, 4.15 pm).

THURSDAY .

Commons: Merchant Shipping

remaining stages.

Lords: Firearms Bill, Second Services Bill, Committee. Food and Drugs (Amendment) Bill, U.S. \$150,000,000

Midland International Financial Services BV. (Incorporated with limited liability in the Natherlands)

Guaranteed Floating Rate Notes 1992 Convertible until June 1985 into 9½% Guaranteed Bonds 1992 eed on a subordinated basis as to payment of principal premium (if any) and interest by

Midland Bank pic



For the six months from 7th June, 1982 to 7th December, 1982 the Notes will carry an interest rate of 1512% per annum. On 7th December, 1982 interest of U.S. \$382.84 will be due per U.S. \$5,000 Note for Coupon No. 5.

The Conversion Interest Amount applicable to Notes which are presented for conversion on or before 1st December 1982. will be U.S. \$31.67 for each U.S. \$5,000 Nate and this will be payable on 31st December, 1982.

Agent Bank: Morgan Guaranty Trust Company London

### **BANQUE DU LIBAN ET** D'OUTRE-MER SAL (BLOM)

Beirut - Lebanon

### announces the opening of a REPRESENTATIVE OFFICE IN LONDON

Temporary address: 4-6 Copthall Avenue London EC2R 7DA — Telephone: 01-628 5830

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Lebanon - Saudi Arabia - United Arab Emirates - Sultanate of Oman (1982)

Banque de l'Orient Arabe et d'Outre-Mer (BANORABE) 10, Rue de la Paix - 75002 Paris

Banque Unie pour l'Orient Arabe (BANORIENT) 2, Rue du Marché CH — 1204 Geneva

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### Banque Nationale de Paris

U.S. \$ 250,000,000 Floating Rate Notes due 1989

with Warrants to purchase

U.S. \$ 250,000,000 14 1/4% Bonds due 1990

Issue Price of the Notes with Warrants: 100%

**BANQUE NATIONALE DE PARIS** 

CREDIT SUISSE FIRST BOSTON LIMITED

SALOMON BROTHERS INTERNATIONAL

DEUTSCHE BANK AKTIENGESELLSCHAFT

GOLDMAN SACHS INTERNATIONAL CORP

MERRILL LYNCH INTERNATIONAL & CO.

MORGAN GUARANTY LTD

MORGAN STANLEY INTERNATIONAL SWISS BANK CORPORATION INTERNATIONAL LIMITED

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U.S.\$200,000,000

### Continental Illinois Overseas Finance Corporation N.V. (Incorporated with limited liability in the Netherlands Antilles)

GUARANTEED FLOATING RATE SUBORDINATED NOTES DUE 1994

The Notes will be guaranteed on a subordinated basis by

CONTINENTAL ILLINOIS CORPORATION (Incorporated with limited liability in Delaware, U.S.A.)

The following have agreed to purchase the Notes:

MORGAN STANLEY INTERNATIONAL

BANK OF AMERICA INTERNATIONAL LIMITED

CONTINENTAL ILLINOIS LIMITED

*MORGAN GUARANTY LTD* 

BARING BROTHERS & CO., LIMITED

May 1982

CIBC LIMITED

CREDIT SUISSE FIRST BOSTON LIMITED

GOLDMAN SACHS INTERNATIONAL CORP.

MERRILL LYNCH INTERNATIONAL & CO.

KIDDER, PEABODY INTERNATIONAL LIMITED MORGAN GRENFELL & CO. LIMITED

ORION ROYAL BANK LIMITED

SWISS BANK CORPORATION INTERNATIONAL LIMITED

The Notes, in the denomination of U.S.\$10,000 with an issue price of 100 per cent., have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary Global Note. Interest is payable quarterly in arrears in September, December, March and June, the first payment being made in September, 1982.

Particulars of the Notes are available in the Extel Statistical Services Limited and may be obtained during normal business hours on any workers to the lower and up to and including June 21, 1982 from the brokers to the lower.

Cazenove & Co.

June 7, 1982

### NITTO BOSEKI CO., LTD.

(Nitto Boseki Kabushiki Kaisha)

11,000,000 Shares of Common Stock (par value ¥50 per share)

evidenced by

### **European Depositary Receipts**

ISSUE PRICE U.S.SL314 PER SHARE

Daiwa Europe Limited

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Banque de l'Indochine et de Suez **IBJ International Limited** The National Commercial Bank (Saudi Arabia) The Nikko Securities Co., (Europe) Ltd.

Tokai Kyowa Morgan Grenfell Limited

James Capel & Co.

(Stockbrokers)

**Commons and Lords** 

lic) Bill, Committee. Select Committee: Parlia-

Bill. Second Reading. Short debate oo this year's EEC farm prices package and the sovereign rights of Parliament. Select Committees: Welsh Affairs—Subject: Scrutiny of Midels Office Proportional With

says a report by the Arthritis and Rheumatism Council.

to arthritis sufferers

Companies and Markets

**NEW YORK** 

HONG KONG

HOLLAND

CANADA

1982 High | Low

1982 High | Low

Stock June 4

1982 High | Low

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| Prop.   Sec.   25.   Ch. Add. Prog. Trac.   5.1   5.2   5.1   5.2   5.1   5.2   5.1   5.2 | ## 401.   291.   281d Olf Officeria.   255.   ## 401.   291.   281d Olf Officeria.   255.   ## 401.   291.   281d Olf Officeria.   255.   ## 401.   291.   281d Olf Officeria.   255.   ## 401.   291.   281d Olf Officeria.   251.   ## 401.   291.   281 Olf Olf Officeria.   251.   ## 401.   291.   281 Olf Olf Olf Olf Olf Olf Olf Olf Olf Olf | Sec.   Sec.   Act   Prediction   75.5   75.6   1.4   Act   1.5  |
|--|--|---|---|
| Indices  | June   4   5   3   June   1   1882   Low   | AUSTRIA   1982  | S.7   S.6   S.6   S.7   S.6   S.7   
### Beyond the conflict

The mood of the London April, just prior to the Argenmoney market was much more optimistic last week. The pews In Paris period interest rates blackout by the Ministry of were firmer, but call money was Defence, meant that very little onchanged throughout at 16; per trustworthy information obout cent, despite pressure on the the Falkland Islands was avail- Freoch franc in foreign exchange able, but even before the week trading. The Bank of France was over the market was look money market intervention rate ing beyond the conflict. A was also left at 16 per cent when further cut in bank base lending the suthorities intervened on rates in the out too distant Thursday and Friday to add future was confidently expected, liquidity. A very wide while improving market sentiment was reinforced by the Con- tween domestic Paris rates and servative by-election success at external French franc interest Merton, Mitcham and Morden.

Short-term interest rates fell

tine invasion of the Falklands. rates as part of the moves to

shore up the currency.
In Frankfurt call money traded by about 2 per cent, although the steadily at around the Bundeskey seven-day interbank rate was little changed on the week. The cent, helping to keep the money three-month rate of 12 15/16 market stable, oince the Lombard per cent, compares with 13 9/16 facility is that used by comper cent at the beginning of mercial banks to borrow from the

BANK OF ENGLAND TREASURY BILL TENDER							
June 4	May 28	:	June 4	May 28			
Silis on olier £100m Total ol applications £469,856m	ļ	rate of discount	12.93352	19,5747%			
Total allocated £100m Minimum accepted bid £96.95	£100m	rate of discount Average yield	12.60%	10,6675% 13.08%			
Allotment at minimum level! 62%	08%	at next tender		£100m			

ceptral bank. Lombard borrowing was fairly low as the new similar size. But at Friday's
month began, declining as the
banks completed their May scepted bids for only DM 6.1bn, minimum reserva requirements. from total tenders of DM 22.7bn. It was boped in the market for another 28-day agreement. A spirits that the Bundesbank would replace the DM 8.3bn securities from total tenders of DM 22.1DH. Spirits for another 28-day agreement. A spirits for the market pext Monday is from total tenders of DM 22.1DH. Spirits for another 28-day agreement. A spirits for the market pext Monday is from total tenders of DM 22.1DH. Spirits for another 28-day agreement. A spirits for another 28-day repurchase agreement, expiring when a similar facility runs out,

#### WEEKLY CHANGE IN WORLD INTEREST RATES

	June 4	change		June 4	change
LONDON Base rates 7 day interbank 5 mth interbank Treasury Bill Tender Band 1 Bills Band 2 Bills Band 5 Bills 5 Mth. Treasury Bills 1 Mth. Bank Bills 3 Mth. Bank Bills	13 134-1312 124-134- 19,21352 1318 13 1214- 13 13 13	+ 50 19 0.0725	5 Mth. Treasury Bills 5 Mth. Treasury Bills 5 Mth. CD	16-151 <sub>2</sub> 135 <sub>3</sub> -137 <sub>5</sub> 12.08 12.08 13.90 9.0 8.075 2.125	Unch'd +0.54 +0.41 -0.40 Unch'd +0.20 +0.025
TOKYO One menth Bills Three month Bills	7.28128	Uneh'd	PARIS Intervention Rate 1 Mth. Interbank Three month	10 154 154	Unch'd
BRUSSELS One menth Three month		Unch' d	MILAN One month Three month	20.2	Unch' d
AMSTERDAM One month Three month	812 813	Unch'd	nusus One month Three month	12½ 19¼	Unch'd

London band 1 bits meture in up to 14 days, bend 2 bits 15 to 33 days, and band 3 bits 34 to 63 days. Rates quoted represent Bank of England buying or selling more with the money market. In other contras riths are generally deposit rates in the domestic money market, and their respective changes by deposit

### FT LONDON

The firing rates (June 4) ere the arithmetical masns, rounded to the necrest rates for \$10m quoted by the market to Westminster Bank, Bank of Tokyo, Dautsche Sank, Sangus National de LONDON MONEY RATES

June 4   Cer	terling tificate deposit	Local Authority deposits	Local Auth- negotiable bonds	Finance House Deposits	Company Deposits	niscount Merket Deposits	Treasury	Bank Bank Bille #	Fine Trade Bills &
Twe months 13 Three months 10 Six months 10 Nine menths 19	3.15 - 1514 15 1514 15 1512 13 1212 13 1212 13 1212 13 1212 13 1213 13 1214 13	18-18-4 13-18-4 13-18-4 13-18-4 13-18-4 13-18-4 13-18-4	1534-1556 1356-1314 1312-1316 1814-1179 1316-1254 13-1356	13   4 13   13 13 13 13 13 13	12-13% 134-13% 1312-1366 1314 1334	8-10 13 127 <sub>6</sub> 125 <sub>4</sub> 121 <sub>4</sub>	15 12 15 19 1	13 121 125 126	1314 1314 1314 15 1256

Approximate getting rates for one month Traseury bittle 12% per cent; two months 12% per cent; three months 12% per cent; three months 12% per cent; and three months 12% per cent; one month trade bittle 13½ per cent; two months 13 per cent; three months 12% per cent and three months 12% per cent; one month trade bittle 13½ per cent; two months 13 per cent three months 12% per cent. Finance Houses Base Rates (published by the Finance Houses Association) 14 per cent from June 1 1982, London and Scottleh Clearing Bank Rates for landing 12 per cent, London Clearing Bank Deposit Rates for sums at seven days notice 10-10% per cent. Trassury Sills: Average tender rates of discount 12,6875 per cent.

Ceruficates of Tex Reposit (Series 5) 13% per cent from May 14. Deposits withdrawn for cesh 1t per cent.

#### **EURO-CURRENCY INTEREST RATES (Market closing Rates)**

Juge 4	Otarling	U.S. Dollar	Canadian     Dollar	Butch Guilder	Swiss Franc	D-mark	Franch Franc	italian Lira	Belgia: Conv.	Franc Fin.	Yen	Danish Krone
Ohort term	13.15 e 12 4.12 e 12 3.12 <del> </del>	13-2-14 14-14-14 14-2-14-2 14-2-14-3 14-58 14-78 14-78-14-18	17.18 17.18 17.173 1634-1719 1814-1666 1644-1656	536 814 536 856 674 814 816 814 614 814 614 676	314.554 212.3 314.374 414.450 560.515 660.312	8;; 8;; 8;; 8;; 8;; 8;; 8;; 8;; 8;; 8;;	95-35 35-46 38-34 27-29 24-28 21-22	18-80 92-24 2573-25 2514-2412 2514-24 2514-9414	1334-1434 1432-1012 1834-17 1612-17 1832-17 16-1812	144-10 144-13 147-18 147-15 144-141 144-141	05+874 07s-7 612-7 /s 7-71s 7-6-7-4 71s-74	1819-20 1934-2014 1952-2114 1952-2014 1719-19

SDR linked deposits; one month 14-14½ per cent; three menths 13½-14 per cent; six months 13½-13½ per cent; one year 13½-13½ per cent.

ECU linked deposits; one month 15½-15½ per cent three months 14½-15½ per cent; six months 14½-14½ per cent; one year 13½-14 per cent.

Asien 5 Iclosing rates in Singapore); one month 14½-14½ per cent; three months 14½-14½ per cent; six months 14½-14½ per cent; one year 14½-14½ per cent; long-term Eurodelter two years 14½-15 per cent; three years 14½-15½ per cent; four years 15½-15½ per cent; five years 15½-15½ per cent; notice.

The following rates were quoted for London doller certificates of deposit; one month 14.10-14,20 per cent; three months 14.25-14.35 per cent; six months 14.30-14.40 per cent; one year 14.30-14.40 per cent.

#### **CURRENCIES AND GOLD**

### **Dollar drifts**

ing. rollowed by lack of conviction about the immediate future the Bank of France continued pulled the U.S. currency back as the week went on. The Bundesbank intervenced at the France by selling at least DM 100m and the Bundesbank intervenced at the France by selling at least DM 100m and the Bundesbank on the Bundesb bank intervened at the Frank-furt fixing for the first time since March 31, selting dollars on Tuesday and Wednesday as the U.S. unit rose to a peak of DM 2.39, the highest level for about six weeks.

On the other hand the German central bank was forced to give assistance to one or two of its weaker partners in the EMS, Concerted action by the authorities in Frankfurt and Paris eased the pressure on the French franc, which touched its lowest per-mitted level against the D-mark during the week. At the same time Euro French franc seven-day funds were driven up to 65-despite the continuing conflict 70 per ceot, and remained very high throughout. Fears of a \$3181-319.

The dollar showed no clear franc devaluation, and possible direction last week as a result withdrawal from the EMS, are of confusion about the future likely to surround the French trend in U.S. interest rates. franc for some time, and de-Nervousness about the continuation of the European Monetary Belgian franc was only prevented System in its present form coo-tributed to a general move into against the D-mark at the Frankdollars oo Tuesday, after the furt fixing by the purchase of holiday weekend, but profit tak-ing, followed by lack of convic- Friday, while on the same day

> Sterling ohrugged off any pervousness about the Falklands dispute, and gained ground against all major currencies, in-cinding the dollar. The pound's trade-weighted index, on Bank of England figures, rose to 90.6 from 90.1. It improved to \$1.7960 from \$1.7905, and to DM 4.2350 from DM 4.2075 against the D-mark; to FFr 11.0450 from FFr 10.9650 against the French franc; and to SwFr 3.6350 from SwFr 3.5850 in terms of the Swiss franc.

> ground the globe. It fell \$51 to

**GOLD MARKETS** 

1 21	June 4			
Gol	d Sullion Ifine o	Incel		
Glose	(£178-170½)  £177-177¼) (£177,339)  £177,409	\$520-52034 \$52012-39114 \$589 \$580,50	(£178-1781 <sub>2</sub> ) (£1781 <sub>2</sub> -170 <sub>1</sub> (£179.637) (£178.200)	
Geld	t Coins			
Krugerrand	(£182-1824) (£934-944 (£934-444) (£1012-50) (£188-1884) (£4212-4434) (£50-5014) (£50-5014) (£50-3141) (£218-9194) (£17312-7434 (£227-230)	\$329 <sup>3</sup> 4·330 <sup>1</sup> 2 \$169 <sup>3</sup> 4·170 <sup>3</sup> 4 \$366 <sup>1</sup> 4·370 <sup>3</sup> 4 \$353 <sup>1</sup> 4·30 <sup>3</sup> 4 \$359 <sup>3</sup> 4·330 <sup>3</sup> 4 \$377 <sup>1</sup> 4·77 <sup>3</sup> 4 \$300 <sup>1</sup> 1·98 \$490 <sup>1</sup> 1·22 \$71 <sup>1</sup> 4·78 <sup>3</sup> 4 \$388 <sup>1</sup> 8·39 <sup>5</sup> \$388 <sup>1</sup> 8·39 <sup>5</sup> \$313.3 <sup>3</sup> 18 <sup>1</sup> 8 <sup>1</sup> \$419.410	(£18314.18334 (£98414.985) (£481.4834) (£1052.0014) (£1052.0014) (£5019.01) (£5019.01) (£5019.51) (£2893.41) (£21814.21934) (£11814.21934) (£11814.21934)	

### OTHER CURRENCIES

June 4	£	5		Note Rates
Argentine Peso.	80.388 20.368	14.650-14,700+	Austria	29.70-30.05
Austranabonar. Brazil Cruzelro.	1.7130 1.7160 293.53 294.53	0,2540-0.9546 163,36-164,17	Denmark	874-864 14.44-14.38
Finland Markka	8.183 8.209	4.5650-4,6670	France	11.02.11.12
Greek Dreenma. Hena Kena Dolle	116.079-116.567 110.303-110.38	5.7740-5.7790	italy	4,22 tg.4,201 2805-0850
ran al	147.00	82,00*	Japan	437.442
Kuw autoinariko Luxembouro Fr	0.5148-0.5158 79.05-80.06	44,55 44,55	Natherlands	4.074.4.711
Malaysia Dollar	4.1980 4.1380	2,2990-2,3020	Portugai	127-140
Ne Zesland Dir Saudi Arab Riva	.  9.5375-2.3016   6.1525-6.1606	1.3123-1.3146 3.4280.3.4290	Spain	1821 <sub>4</sub> -1211 <sub>2</sub> 10.52-10.52
Singapore Della	5.77-5.78	2,1000-2,1030	2witzerland	3.09 to -3,661
Sth African Rane Li A.F., Nicham	1.9470-1.9486 8.6900-6.6020	1,0840-1,0860 3,5715-3,6785	United States	1.79-1.81 82-104

### **EXCHANGE CROSS RATES**

June 4 .	Pound St; rling	U.S. Dollar	Deutschem'	k JapaneseYen	FrenchFranc	Swiss Franc	Outch Gulld'	italian Lira	Canadia Dollar	Beigian Franc
Pound Sterling	D.557	1.796	4,236	487.5	11.045	3,635	4.685	2349.	2,241	80.00
U.S. Dollar		1.	9,358	248.6	6.150	2,024	2,609	1508.	1,248	44.54
Deutschemark	0.236	0.424	1.	108,5	2,608	0,856	1,106	654,6	9,529	18.89
Japanese Yen 1,000	2,286	4.105	9.680	1000.	26,25	6,309	10.71	5358,	5,122	182.2
French Frank 10	0,905	1,620	3.834	396.1	10.	3,291	4,242	#126,	2,029	78,43
Swiss Frane	0,275	0,4 <b>9</b> 4	1.165	120.4	5.032	L	1,289	646,1	D.517	22,01
Outch Guilder	0,213	0.385	0.904	93,38	2.358	0,775	1.	601,3	8,478 .	17.05
Italian Lira 1,000	0,426	0.765	1.803	186,3	4.703	1,648	1,295	1806_	0,854	34.06
Canadien Dollar	0,446 ·	0,801	1.890	195.2	4,922	1,622	2,091	1948,	2,801	85,70
Selgian Franc 100	1,250	2,345	5.294	646.2	15,81	4,544	5,850	2935,		100,

### THE DOLLAR SPOT AND FORWARD

June 4	Osy's .	Close	One month	P.8.	Three months	p.a.
UKt	1,7920-1,7990	1,7955-1,7965	0.18-0.25c dfs	-1.54	0.80-0.90dis	-1.8
Irelandt	1,4530-1,4700		0.85-0.55c pm	4.91	1.90-1.75 pm	4.9
Canada	1,2470-1,2495	1.2480-1.2485	0.27-0.30c dis			
NethInd	2,6060-2,6150	2.6070-2.6100	1.32-1.22c pm		3.80-3.80 pm	
Belgium	44.45-44.70	44,53-44,56	5-8c dis		19-23 dls	-1.B
Denmark	8.0475-8,0825		21-3ore dis	-4.27	5.85-6.35dis	-3.0
W. Gar	2.3480-2.3880		1.15-1.10pf pm		3.50-3.45 pm	
Portugal	71.50-72.50	72.05-72.25	50-200c dis			-18.7
Spe/n	105.20-105.90		22-28c dis .			-3.4
Taly	1,307-1,314	1,307-1,308	10's-11'slire dis		291-311 dis	-8.3
Norway	6,0500-6,0640		0,10-0,50ore dis		0.20-0.60dis	
France	6,1400-6,1800	6.1500-G.1550	33-105c dis		20-211 dis -	
Sweden	2,8650-6,8840		0.50-0.30ors pm	0.82	1.80-1.60 pm	1.10
Japan	243.00-244.00		1.54-1.45y pm		4.53-4.43 pm	7,3
Luetria	16.55-18.64	15.57 - 18.58	9-71-gro pm	6.05	25's-23's pm	0.3
Surit?	2 0180-2 0320	2 02220-2 0230	1 89-1 81c pm		5 18-5 19 nm	

### THE POUND SPOT AND FORWARD

June 4	epread	Close	One month	p.a.	nonths	7. p.s.
U.S.	1.7920-1.7990	1.7955-1.7965	0.10-0.28c dis	-1.54	0.80-0.90dis	-1.89
Canade	2.2375-2.2476	2.2405-2.241S	0.72-0.82c dis	-4.12	2.20-2.30 dis	-4.02
Nathind.	4.67-4.71	4.68-4.69	2-11-c pm	4.48	5-44 pm	4.16
Belglum	79.85-80.35	79.95-80.05	18-23e dis	-3.45	72-82 dis	-3.85
Denmark	14.48-14.51	14.47-14.48	63-7-ore die	-5.85	164-174 dis	-4.68
Ireland	1.2230-1.2300	1.2250-1.2260	0.60-0.72a dia		2.06-2.22dis	-6.98
W.Ger	4.22 4.25	4.23-4.24	13-14of pm	4.25	45-47 pm	4.13
Portugal	129.00-130.00	129.25-129.75	100-38c die		330-1015dis	-20.77
Spein	189.00-190.25	189.00-189.20	69-73c dia		223-255 dis	-5.07
luly	2,347-2,359	2347-2349-	19-22-lire die			-10.90
Norway	10.86-10.90	10.87-10.88	14-24 ore dis		43-57 die	-1.93
France	11.03-11.09	11.04-11.05	184-274c dis			-15.57
Sweden	10.53-10.58	10.531-10.541,	1-lore dis		14-17 die	-0.54
Japan	435-440	437-438	2.25-2.05y pm		6.05-5.85 pm	
Austria	29.72-29.95 .	29.78-29.83	121-91-gro pm		35-28 pm	4.23
Switz	3.62-3.65	5.63-3.64	314-214c pm		77-74 pm	2.39
B	elgian rate is i	lor convertible	Iranca, Financia 1.83c dia. 12-m	of Irane	87.35-87.45.	

### FORWARD RATES AGAINST STERLING

		MANI	121 2	CHILIT	· ·	
	Spot	1 month	3 month	6 month	12 month	
Dollar		1.7983	1.8045	1.8138	1.8257	
-Mark		4.22	4.1912	4.1552	4.0730	
rench Franc	11.0450	11.2425	11.475	11.685	T1.8818	
Swise Franc	3.6350	3.605	3.5587	3.5093	3.3924	
lapaneee Yen	437.50	435.34	431.53	425.75	414.50	

### EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU June 4	% change from central rate	% change adjusted for divergence	Divargence limit %
Selgian Franc	44.6963	45.1173	+0.94	+1.03	±1,5440
Centah Krona	8,18382	0.18820	0.19	-0.10	+1.6428
German D-Mark	2,41810	2.38776	-1.25	-1.17	+1.1097
French Franc	6.19564	6.23547	+0.64	+0.73	±1.3743
Outch Guilder	2,67296	2.64638	-0.97	-0.88	±1.5069
frieh Punt	0.685799	0.690880	+0.59	+0.68	±1.5689
Italian Lira	1306.13	1327.04	+1.68	+1.68	+4.1242
Changes	are for F	CU theraface	nonitive obs	man denate-	

### wesk currency. Adjustment calculated by Financial Times.

CURRENCY	CURRENCY RATES					
June 4		Morgan Guaranty Changes%	June 4	Bank rate	Special Orawing Rights	European Currency Units
sterling	83.6 83.7 124.7 144.9 115.4 79.6 54.1 135.0	-32.8 +8.0 -19.5 +08.7 -1.7 -15.3 +48.2 +23.5 +22.0 -14.7 -58.4 +89.6	Sterling	18 15.87 0 Ja 14 11 7 Ja 2 Ja 12 5 Ja 8	18.0399 49.9445 9.06500 2.64541 2.93055 6.89950 1468.36 274.189 6.80745 118.353	0.554270 1.01456 1.26718 16.8011 43.1173 8.16820 2.38775 2.64698 6.23547 1246.639 8.15076 107.258
Vashington agreed Bank of England I	ent Decem	ber. 1971.	Swiss Fr Dreek Dr'ch	54	2.26844	2.05012 65,7940

\*CS/SDR rate for June 3: 1.39268

### UNIT TRUST INFORMATION SERVICE

1 01			T7.4T		
	63.	A E TORIS	TABLE	ED TRU	CTC
y Unit Tst. Mingrs. Catchoge Rd., Ayles		AUII		CD INC	212
an Growth _ 58.0	24 -05 23 42 -03 49				
20.9 p. (letts) 54.5	44.2 -0.2 4.98 58.9 -0.3 4.98				
	70 H _0 76 4 76			L & C Unit Trest M	tid.
1) - 1 180 3	כורו ביתו הידיבור	Crescent Unit Tot. Ma		The Stock Exchange, Londo	FICON THA SREZECT
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HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

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Pacific Basin currencies and pro- service from Wellington, Sydney to New York and San Francisco,	vide a round-the-clock Hong Kong and Singapore	July Mar

Telephone our London Dealing Room (01) 283 5321 Telex: 8956-425-Reuter Monitor page code: WSX1D Reuters; direct dealing code: NSWL

Bank of New South Wales

First Bank in Australia

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### Economy 'to remain in the doldrums'

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE ECONOMY is expected to ment in companies' views of normal." British Industry in its latest and bad weather.
assessment, published today. In April and Ma

This outlook, which the CBI oscribes mainly to the poor prowill be a disappointment to UK would sonn gather momen-

It is generally agreed that the bottom of the recession was reached nearly a year ago hut, for the worse, they certoinly after an improvement in activity last summer, output fell again

The CBI says in its Monthly Trends Inquiry for May that there will be little underlying change in manufacturing output in the oext few months. Its monthly survey of obnut

slightly more pessimistic view of output for the first time since

veys since last July indicated a was "above normal" against 56 whole year compared with last. In 1983 exports are gradual but sustained improve- per cent assessing it "below The Treasury is predicting rise by 5 per cent.

remain in the doldrums for future output. There was a several months before resum- pause in this trend at the begining a weak forward movement, ning of the year when producsoys the Confederation of tion was disrunted by strikes

In April and May the slightly more optimistic trend was resumed with a balanco of 4 por spects for the world economy, cent of those who replied expecting an increase in output. those who hoped activity in the However, in May, there was a swing hack to a 2 per cent

balance expecting output to fall. Although these figures are too small to herald a marked change give no ground for optimism.

This picture is broadly confirmed by the results of the lotest FT Business Opinion Survey for May, also published todoy. They indicate a moderate Improvement in busioess optimism but little evidence that companies are expecting an 1,640 manufocturers showed o immediate pick-up in output or

The CBI reports that only 8

confederation This suggests the previous tendency for order hooks to

mality may have balted." It says that export order be improving in relation to normality.

Since April, a marked weakening of export demand has occurred for firms in tha metal manufacture group," it

However, the CBI survey suggests continuous progress will made in reducing inflation with a further decline in the proportioo of firms expecting to raise prices. This conclusion is also broadly supported hy

the FT's survey.
The CBI's most recent forecast for the economy-its first since the bndget-is more pessimistic than the Treasury'a budget forecast.

It expects growth to resume per cent of respondents later this year with an increase.

The balance of replies io sur-reported their total order book in output of 1 per cent for the

about 1.5 per cent growth. The CBI expects 2 per cent growth next year which will tendency for order hooks to bring output in 1983 back to its strengthen relative to nor- 1980 level. It expects unemployment to increase until the

end of this year and then to books also no longer appear to remain broadly stable with an adult total of about 2.9m to

> The pre-tax real rate of return for companies excluding the North Sea sector is expec-ted to rise from its historicallylow 2.8 per cent in 1981 to about 4 per cent this year and next. A sharp rise in the number of nominal profits is also expected. The annual rate of inflation is forecast to be 9 per cent by the end of this year and slightly less next year.

The CBI is pessimistic about tha prospect for growth of ex-ports which, excluding oil, are predicted to rise by only 0.25 per cent compared with last

This compares with an increase io non-oil imports of about 6.25 per cent this year. In 1983 exports are expected to

### Ford campaign fails to boost May sales

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

cut campaign failed last month all its marketing wiles to achieve to capture the extra car soles the 32 to 34 per cent target it the company was hoping for. has set itself for 1982. However, For the second month in succes- so far in June it is back to its sion the Ford market share stuck at about 25 per cent.

Three factors offected performance in May. Ford was still suffering a slight "hang over" from Morch when dealers onxious to hit soles targets for the first quorter—on which bonuses of up to £400 a car were ot stake-pushed Ford's penetration to o record 39.12 per cent.

Then Ford's major competitors reacted to the price cuts be contending for first place if with morketing campaigns of supplies were not so short. their own. And in the final week of the month, when Ford might have expected to pick up market share, a dispute among car delivery drivers prevented some cars reaching customers. As a result of the low-key May performance, Ford ended May performance, Ford ended impact on total sales when the first five months of the year Ford's deliveries are interwith a market share of just over rupted.

SNP bans

internal

political

factions

By Mark Meredith

political factions.

188 votes.

nationalism.

Party towards self-destruction.

chairman on a motion which,

after a three-month grace

member of an internal political

The move was chiefly aimed

at arrestiog the goina of the Left-wing 79 Group headed by

Mr Jim Sillars, a former Labour

MP, which wants the party to

Mr Sillars and his supporters

their objectives inside the

to the key position of policy

FORD'S much-trumpeted price- 30 per ceot and will hove to use

One of Ford's problems is that sales of the Cortina, for many years Britain's best-selling car, are fading because customers know it is to he reploced in the

In Moy the Cortino dropped to fourth place in the list of best-sellers and was overtaken by the Vauxhall Covalier, according to the trade "the bottest car around" and one which would

Competition in May was made even fiercer because total new car sales were the lowest for that particular month for some years. At 121,468 they were 10.2 per cent down on May 1981showing to some extent the

The five-month registration cent it wants to record this total, 672.264, was nearly 3 per cent below the same period of

Import penetration in May was up from 51.5 to 56.2 per cent, reflecting the number of captive " imports from Beigium ond Germany by Vaux-ball (43 per cent of the Vouxhalls\_registered were imports) and Ford (oearly 50 per cent).

For the five months the import penetration was running at 57.7 per cent compared with 53.4 per cent, in spite of the success of two British-built cars, the Ford Escort and BL's Metro, which took top places among the May best sellers.

BL hod a better month m May, pushing back to a 22.12 per cent market shore with its newcomer, the Triumph Acclaim, ochieving a 3 per cent penetration. But after five months BL's share was languishing at about 18 per cent against the minimum of 20 per

In contrast, Vauxhall's continued strong performance—a near-12 per cent market share in May-ls beginning to make its target of 11 per cent for the year look modest.

The other UK-based company, Talbot remains in deep gloom. Its May performance was affected once again by interruption in supplies of the French-built Samba delayed last month by industrial action by French ferry operators.

Top teo best-selling cars m May were: 1 Ford Escort (13,514 registered): 2 Austin Metro (12,119): 3 Vauxhall Covalier (9,666): 4 Ford Cortina (7,167): 5 Ford Fiesta (5.495); Accisim (3.664); Vauxhall Astra (3,089); 8 Morris Ital (2,561); 9 Austin Princess/Ambassador (2,512); 10 Ford Granada (2,487).

Table, Commercial vehicle sales, Page 7

### MPs press for Budget overhaul

BY PETER RIDDELL, POLITICAL EDITOR

of the way public expenditure regarded as holy writ.
and tax decisions are taken in The MPs also argue a direct rejection of the views of Sir Geoffrey Howe, the Chancellor of the Exchequer.

. The Treasury and Civil Service Committee of the Commons THE SCOTTISH Notional Party has agreed on a report calling tried to halt a widening Leftfor expenditure and tax deci-Right spht at the weekend by sions to be presented simultaneimposing a ban on internal ously and for o draft "Green" ber when broad proposals are Budget to be produced three or announced. Tax changes are Mr Gordon Wilson, MP, the four months before the start of party's chairmon, warned deleeach financial year. The report gates at the annual conference has already been formally laid before Parliament and will be in Ayr that the SNP faced divisions which has led the Labour published within the next 10

He staked his position as period, will make liable to auspension anyone who is a group. It was passed by 308 to

MPs, including two former Con- unacceptable for Parliament to servative Treasury Ministers, be presented with Budget esti-will propose a major overhaul mates and decisions which are

The MPs also argue that It

ls impossible to take an adequate overall view of economic policy unless tax and spending decisions are announced to-

At present, spending decisions are taken at the eod of November when broad proposals are agreed just before the spring Budget in March or April when the detaitled expenditure White Paper is published.

Sir Geoffrey has already days. specifically rejected the idea of The MPs broadly endorsed the budgetary reforms proposed in autumn. In evidence to the com-1980 by an Institute for Fiscal mittee, he said it would be "an Studies committee under the almost impossible task" to prechairmanship of the late Lord pare detailed expenditure and Armstrong. However, in some tax proposals then because of respects their proposals are the excessive strain on officials

Treasury officials have stressed that the difficulty is largely one of time-scale. Spending decisions have to be taken well in odvance of the financial year, whereas the best time to decide tax changes is just before the start of the fiscal year.

The report's publication is likely to exacerbate existing strains between Sir Geoffrey and the committee, which is chaired by Mr Edward du Cann and includes Mr Terence Higginsboth former Treasury ministers

It will be difficult for the Treosury to brush aside the pro-posals hecause they will be immediately considered by a aeparate and determined committee of senior MPs, chaired hy Mr Higgins, which is looking at possible changes in the financial procedures of the Commons. In particular, the Procedure Committee has been discussing closer monitoring and control of budgetary

### U.S. proposals Continued from Page 1

pursue a more active course oo appeared committed to pursuing would oo longer occept ooy role
for Argentino on the Folklands.
He doubted whether this
change had registered with the
Tastead he aaid that having party. Mr Sillars was re-elected U.S. Administration but thought

After the factions vote against, Mr Wilson said he hoped there would now be unity in the party. He did not think many would leave the SNP. exposed to British public opimon. Mr Wilson's motion was

opposed by Mr Ron Wyllie, the party's coodidate in the June 24 Coatbridge and Airdrie byelection and a member of the 79 Group. A Right-wing group, the Cam-

paigo for Scottish Nationalism, as set up deliberately to bring the question of factions to a head. This forced Mr Wilson to abandon bia even-handed approach.

Explaining why he put his job on the line over the vote, Mr Wilson said he would not have been able to speak with authority on issues of similor importance had the vote been defeated.

The conference may bring the party back to more main- ment. stream nationalism. The Left has pressed for a more Leftwing nationolism wimed at eroding the traditionally heavy

Labour support io Scotlood. Some delegates felt that internal rivalries had contributed towards the party's lost deposit in the Moreh 25 Hillhead by-election and a ponr showing in the May regional region to the U.S.

Mr Parkinson argued that
British public opinion had Mr Parkinson ruled out any changed during the crisis and arrangement, such as multi-

it would over the next two or three days when President Reagan and his colleagues were

Mr Parkinson, who is chairman of the Conservative Party, claimed there had been enormous change of mood"

since the Argentine invasion. There was " now a determination that aggression should not be allowed to pay at all " and he said the British public would not understand if Argentina was in a better position afterwards. Opinion Research Centre poll for the programme showing that

Latin America was an important public favour either Britain

re-possessed the islands, Britain would then take steps to keep them. He said independence was one option and hoped other countries would contribute to security to ensure peoce and atability in the region.

Mr Parkinson thought such multinational help would be acceptable to the people of the UK provided it was not a step towards ceding sovereignty. But he conceded the U.S. dld not like this scheme.

He thought fiere would have to be a British garrison in the short-term and thought it in-This view is supported by an conceivable that British troops could pull out immediately. for the programme showing that Despite the expected formal nearly three-quarters of the British rejection of the Ameri-

can proposols, pressure from Waahington on Mrs Thatcher to compromise on her concept of an independent Falklands, sustained from far away, is likely

Britain and, to a lesser extent, the U.S. are coming under. Spain renewed its call for a negotiated settlement and warned of the dangera of reaentment between Europe and Latin America. The Non-

Over the weekend two more

iostaoces appeared of the enor-mous international pressure

Aligned Movement, meeting in Havana, approved a reaclution deploring the British military presence in the South Atlantic and demanding an immediate end to American support for Britain. Venezuela, Sr Nicanor

Costa Mendez, the Argentine Foreign Minister, said his country would maintain the fight to recover the Falklands no matter what the ontcome of the present battle.

### No comfort for Schmidt Continued from Page 1

best result in Hamburg with oround 43 per cent against 37.6 per cent four years ago, it still remains slightly behind the

Real winners were the so-called "Green Alternotive coalition, which has been under List"— an environmentolist constant strain since the last called party-which won hetween 7 and 8 per cent of the vote and enters the Hamburg

party in the Hamburg govern- assembly for the first time. The immediate problem for

Although the CDU gained its Hamburg is who will now form o government after the SPD has lost its absolute majority. No clear coalition has yet emerged. But the wider significance of the result consists in the impact it will have on the Bonn

> constant strain since the last General Election in October.

The FDP has been ahowing in Bonn.

increasing nervousness that the unpopularity of the SPD countrywide—despite the personal popularity of Herr Schmidt — could throw them into eclipse as a political force io the German States. Had the FDP managed to

capture over 5 per cent of votes in Hamburg and been able to form a coalition with the SPD. it would have great belped to cement the government alliance

### face battle over Kent pit closure

By John Lloyd, Labour Editor

MR ARTHUR SCARGILL faces his first serious battle this week with the right-wing members of his executive since taking over in May as

through industrial action with the National Coal Board over the closure of Snowdown Colliery in Kent, will be opposed by right-wingers at the Executive's meeting on Thursday. They will argue that reinctance on the part of membership nationally and divisions within the Kent miners themselves point to a more moderate policy putting the issue through the National Disputes Procedure rather than beading for an

at a mass meeting last week for all-out strike action from June 19 and for a widening of the action at national level, if the NCB does not withdraw its plans to cease production at Snowdown.

Mr Trevor Bell, general secretary of the union's white collar aection COSA and Mr Scargill's runner-up in the presidential election bas written to Mr Lawrence Daly, the NUM's General Secretary, proposing the reference to national procedure. He has written in the same vein to Mr Jack Collins, the Kent area secretary. NACODS. is likely to vote

for the same policy of its Executive meeting tomorrow. Both NACODS and Mr Bell believe that the scheme for Snowdown — which means transferring or making redundant 500 to 600 of its 800-strong labour force and using the remaining 200 miners in development work for a new face—are significantly different to plans they endorsed earlier this year.

don't think that if the men of Kent were balloted on this, they would agree to strike action. The best thing is to go back to the Board at national level—that's preferable to widening the oction."

However, Mr Collins said yesterday that "as far as we are concerned we are continuing with our cam-paign". He said Kent miners would lobby the National Executive on Thursday and praised the support be had received from Mr Scargill.

He added that the plan to use the disputes procedure nationally would be unlikely

to gain much support.

However, Mr Collins cooceded that a number of older
men in Kent would be look for a compromise.

UK TODAY MOSTLY cloudy with thundery showers, becoming brighter. snowers, becoming prignter.

SW England, S Wales.

Mainly dry, sunny periods.

Max 18C (64F).

Midlands, SE and N England,

SW Scotland, N Ireland Cloudy with thundery rain, becoming brighter. Max 22C

Borders, NW and E Scotland Cloudy with thunderstorms Max 19C (66F). Outlook: Becoming dry with sunny periods.

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# Scargill to

president of the National Union of Mineworkers. His policy of confrontation

immediate challenge. Kent's 3,000 miners voted

Mr Bell said yesterday: "I

tempted to retire early by redundancy payments of np to £10,000. He said that officials of the Advisory Conciliation and Arbitration Service bad been in touch with his office last week and believed it possible that the NCB may

### Weather

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THE LEX COLUMN

### Canada feels the strain

Canada came to the Euro-markets last Wednesday to replenish its dwindling foreign currency reserves. Faced with the increasingly expensive task of defending an embattled currency, it arranged to borrow U.S.\$750m for five years, the largest single transaction ever recorded on the Eurobond market in nominal terms,

An announcement by the Bank of Canada on the same day put the offering in clear perspective. The country's official international reserves had fallen by U.S.\$651m io May to reach \$2.876n, one of the lowest levels ever. The under-lying fall was rather greater since Canada bad drawn \$300m from a U.S. dollar credit line io the course of the month.

#### Reserves

Despite this sharp deterioration in the reserves position. Canada was in no pressing need of foreign exchange. Its offhalance sheet credit lines total \$6.5bn, of which only \$800m is currently drawn down. In addition, the international reserves incorporate gold holdings of 20.4m ounces, entered at a value of \$39.25 per ounce. The Bank of Canada is roughly midway through a programme of selling one million ounces, book profits on which show up immediately in foreign currency

But its willingness to pay 14% per ceot for five year dollars does give some indication of the strains being incurred in the policy of currency manage-ment. The Bank allowed the Canadian dollor to slip below 80 U.S. cents for the first time last week, but has said openly that it would be unhappy with B rate of 75 cents. To justify this intervention

strategy, the Bank can argue that, in terms of relative unit labour costs, the Canadian dollar is undervalued against its U.S. counterpart, But, with Canadian consumer price inflation running roughly 5 per-centage points above the U.S. CPI, this situation may not persist for long.

than those in the U.S. to a cut in real incomes. Roughly 40 per ceot of union contracts incorporate cost of living adjustments, making the Government's goal of reducing wage

broader aggregates, however, bove been racing ahead.

The strengthening of the U.S. dollar last week was acinflation all the more difficult.

statistics, the growing inflation differential with the U.S. has not yet had a marked aggregate impact on Canada's export com-



petitiveness. The trade aurplua in April increased by \$283m to \$1.46bn. So far this year, Canada's trade surplus is running at an annual seasonally adjusted rate of \$15bn.

Moreover, a weakening in the Canadian dollar rate would not necessarily prove a great boost to Canadian export volumes. In the lumber industry, for example, the level of Californian housing starts is more moterial than two cents off the Canodian

Yet the overall picture con-ceals some very marked discrepancies. Canada'a deficit on manufactured goods—for example in the textile and engineering industries—has been growing at a worrying rote and helps to explain the steady increase in unemployment to a current level of 10.2 per cent, seasonally adjusted. Most Canadian manu-facturers would maintain that the high value of the Canadian dollar bas been a real impediment to growth.

The trade surplus is struc-tural, but its present unusual size reflects the weakness of import volumes and domestic demand. Emphasis on exchange rate management has obliged the Bank of Canada to maintain Canadian trade unions have domestic interest rates at a level to far shown greater resistance which is not consistent with its own target range for M-1. The broader aggregates, however,

To judge from the trade widening of the spread between tatisfics, the growing inflation short term U.S. and Canadian interest rates. The yield gap of yet had a marked aggregate was effectively eliminated dur. ing February, but by the end of last week the return on 90 day Canadian dollar commercial paper was about 300 basis points above its U.S. counter-

> The Bank of Canada clearly recognises, however, that the extent to which it can support the exchange rate through interest rate management is circumscribed by the low level of domestic demand. So great emphasis is having to be placed on direct intervention

its policy is at least keeping down the Canadian dollar cost of servicing the country's mon-mental burden of foreign debt. Last year, the country's net deficit on service payments (interest and dividends) total ed over \$10bn. The 1982 deficit on invisibles seems certain to keep the overall current account in the red, as usual.

The outflows have been accelerated by the rapid deterioration in Canada's capital account. The balance of capital investment in Canada, which bad been modestly positive throughout the 1960s and 1970s. last year swung into a deficit. of \$5.3bn. At the same time, the net outflow of capital from Canada rose rapidly to \$4.9bn.

The capital account should admittedly look more healthy this year. The 1981 figures were adversely affected by the of oil and gos assets by foreign companies including Petrolina following the introduction of the quixotic Notional Energy Policy, Expected capital inflows have been put in question by combination of fiscal policy and weakening natural resonce prices, causing the cancellation or postponement of major pro-jects, such as the Alsands oil venture. Furthermore the de-teriorating balance sheets of Canadian corporations will art as a brake on foreign acquisitions this year.

But the overriding reason for a strong dollar policy is the fear of importing inflation from south of the border. That makes exchange rate manager ment look a dangerous and cosmetic stalling device. The only real way out of the dilema companied by a progressive is to curb inflation at bome.

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